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NEWS SUMMARY

GENERAL

Landmine kills five soldiers in Ulster

Five British soldiers were killed when the Provisional IRA exploded a landmine beneath their Saracen armoured vehicle on the Newry-Bessbrook road, south Armagh. It was the worst atrocity in Ulster since 18 soldiers died in a similar attack at Warrenpoint in August 1979.

The landmine, thought to have contained 1,000 lb of explosive, was detonated under one of two armoured cars carrying men of the First Battalion, Royal Green Jackets, near the home of hunger-striker Raymond McCreesh.

Since the start of the current hunger strike for political status at the Maze prison, the IRA has virtually suspended attacks on security forces, but it had warned that its campaign of violence would continue.

Lombard, Page 16

Lebanon talks

President Reagan held talks with the Saudi Prime Minister on the crisis in Lebanon; and the U.S. State Department has rebuked Israeli Premier Menachem Begin for suggesting Saudi Arabia is incapable of defusing Israel-Syria tension. Arab leaders to meet, Page 4

Protest at WHO

The U.S. protested over a World Health Organisation vote to involve the Palestine Liberation Organisation in UN relief work in Israeli-occupied areas. The U.S. pointed out that most of the proposal's 36 sponsors had given no aid. Back Page

Firemen's threat

The Fire Brigades Union may call a series of one-day strikes from July if the index-linked formula for determining firemen's wages is not restored. Back Page

Rooney resigns

Denis Rooney, appointed last year as chairman of the National Nuclear Corporation, resigned on personal grounds. Back Page

Faelldin go-ahead

The Swedish Parliament gave Prime Minister Thorbjorn Faelldin the go-ahead to form his third government—a coalition of his Centre Party and Liberals, commanding 102 of the 349 members.

Sutcliffe trial

At the Old Bailey, Sir Michael Havers, Attorney General, completed the prosecution case against Peter Sutcliffe, charged with the murder of 13 women and attempted murder of seven others.

Tube closures

Large sections of the London Underground will be closed on Saturday because of staff fears of violence and hooliganism on the day of the England-Scotland soccer match at Wembley.

FT pay talks

A proposal for resolving a pay dispute in the Financial Times press room will be put to leaders of the National Graphical Association today or tomorrow. The proposal emerged last night after talks at the Advisory, Conciliation and Arbitration Service which had lasted 15 hours over two days.

Briefly . . .

Four people died and 47 were hurt when a grenade was thrown into a cockfighting ring at Tobato, S. Philippines.

Duke of Edinburgh will be installed as President of the World Wildlife Fund in London next Wednesday.

Czechoslovakia is to expel a French couple accused of smuggling in foreign currency and subversive literature.

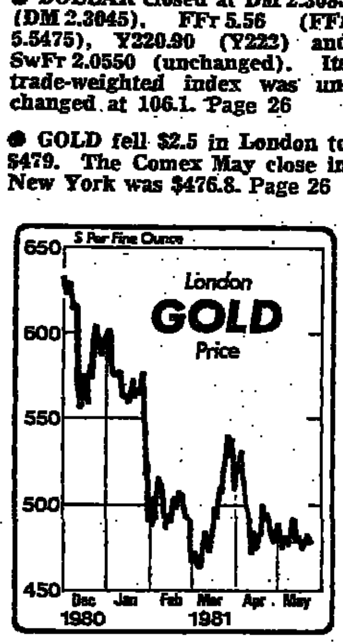
BUSINESS

Sterling off 1.15c; Equities lose 6.4

● STERLING fell 1.15c to \$2.0775, and closed at DM 4.7975 (DM 4.8150), FFr 11.55 (FFr 11.5850), SwFr 4.27 (SwFr 4.2950), and Y459.25 (Y464). Its trade-weighted index fell from 99.2 to 98.9. Page 26

● DOLLAR closed at DM 2.3085 (DM 2.3045), FFr 5.56 (FFr 5.5475), Y220.90 (Y222) and SwFr 2.0550 (unchanged). Its trade-weighted index was unchanged at 106.1. Page 26

● GOLD fell \$2.5 in London to \$479. The Comex May close in New York was \$476.8. Page 26



● EQUITIES were uneasy, fearing an imminent rights issue, with Guardian Royal Exchange the main subject of rumour. The FT 30-share index finished 6.4 lower at 555.9. Page 32

● GILTS: the Government Securities index closed 0.1 higher at 67.33. Page 32

● WALL STREET was 9.91 lower near the close, at 975.86. Page 30

● COSTA RICA agreed a programme with the International Monetary Fund allowing it to draw on a SDR 277m (\$329m) extended fund facility credit, Costa Rican officials said.

● JAPANESE CAR exports to the EEC should be covered by measures "analogous" to those agreed between Japan and the U.S., Community Foreign Ministers agreed. Page 6; General Motors's J-car launch, Page 5; Metro and Escort design awards, Page 8

● APPLE MARKET support arrangements should be altered by the EEC Commission to end disadvantages to UK growers, a House of Lords committee report said. Page 31

● INDUSTRIAL OUTPUT has levelled off, but there is no sign of a general upturn, with manufacturing production at the lowest for 14 years. Back Page, U.S. economic growth, Page 5

● PAN AM said it might seek financial recompence from the Government for income lost because of industrial action by air traffic control staff supporting the Civil Service pay dispute. Back Page; new pay offer considered, Page 10

● MORGAN GUARANTY Trust, among the top five U.S. banks, is reducing its one-third stake in Morgan Grenfell to under 4 per cent. Back Page; details, Page 22

● THOS. W. WARD building materials and engineering group made a new bid of £108m for Tunnel Holdings, the cement and chemicals company. Back Page

● CONOCO, ninth largest U.S. oil company, restricted foreign ownership of its stock in a move to block Dome Petroleum of Canada's bid to acquire its controlling interest in Hudson's Bay Oil and Gas. Page 27

● BTDB (British Transport Docks Board) said pre-tax profits fell 49 per cent to £11.5m in 1980. Page 8

● WHITBREAD lifted second half taxable profits almost £7m to £35.22m, taking the full year figure to £66.39m (£61.81m). Page 20

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated)

RISES		
Treas. 12pc 1984	£96¼	+ ¼
Exchqr. 10½pc '95	£80¼	+ ¼
Amstrad	155	+ 8
Ash and Lacy	285	+ 10
Aust. N. Zealand Bk.	256	+ 21
British Sugar	338	+ 8
Crosby Woodfield	11	+ 2½
Elder Smith Gldsbr.	275	+ 25
Hinton (Amos)	124	+ 10
Hoover A	163	+ 13
Jacksons Brn. End	167	+ 14
Lec Refrigeration	190	+ 14
Makin (J. and J.)	145	+ 32
Mercantile House	815	+ 30
Parasurama	290	+ 5
Smith (W. H.) A	182	+ 8
Tunnel B	436	+ 20
Vinten	250	+ 15
Whitbread A	174	+ 6
Cons. Gold Fields	540	+ 25
Gold Fields SA	£42½	+ 2½
Lydenburg	172	+ 12
RTZ	542	+ 14
FALLS		
Bluemel Bros.	38	− 4
Booker McConnell	66	− 6
Boustead	136	− 9
Com. Bk. of Sydney	330	− 20
Ferranti	475	− 13
General Accident	308	− 8
GEC	653	− 10
Glaxo	334	− 6
GRE	308	− 12
Man. Agency Music	197	− 11
Racal Elec.	372	− 11
Unilever	555	− 17
Ward (T. W.)	116	− 7

Satellite television wins Government approval but no cash

BY ARTHUR SANDLES AND ELAINE WILLIAMS

BRITAIN is ready to start direct television satellite broadcasting to viewers in the mid-1980s. But the Government made it clear yesterday that no public finance would be available.

Tentative Government approval was given by Mr. William Whitelaw, Home Secretary, in the Commons after the publication of a Home Office study on the future of broadcasting in the UK.

In seeking responses to the study, the Government has presented interested parties with dilemmas.

● ITV, committed to a fourth channel and breakfast television, is in no mood for more expense or competition.

● The BBC cannot afford its own satellite.

● Private industry would be faced with big capital and programming costs.

It is possible, with a satellite, to beam a signal across a geographical range from London to Moscow. This signal may contain video-data such as business information, entertainment programmes or personal banking services.

Britons already face the prospect that their homes could soon be invaded by satellite transmissions from Europe. There are plans in Luxembourg and Switzerland for partly-English-language commercial services.

If Britain goes ahead with a two-channel scheme favoured by the Government, the UK's own "footprint" (the trade word for the area covered by transmissions) could take British television into most of France, all the Benelux countries, Denmark, Sweden, Ireland, parts of Spain, Switzerland and Germany.

It could even be received in parts of Northern Russia.

Other countries such as Italy, Switzerland, the U.S., Japan and Australia already have plans to launch direct broadcast satellites by 1984. Two years ago France and West Germany announced a joint programme to give each national networks in three years' time.

India and Canada have both run limited experiments and Luxembourg and the Nordic countries have made proposals but no final decisions.

Last month a consortium of British merchant banks and companies, including Barclays Merchant Bank, British Aerospace and Ferranti, was formed to invest £10m in a satellite system to beam television pictures across Europe by hiring part of a satellite.

Finance is the problem. A satellite system would cost £75m-£160m at 1980 prices in capital outlay alone. It would then cost £10m-£16m a year to operate, to which would have to be added programme costs—say £10m a year for the type of service, mainly repeats, envisaged by the BBC and £100m for a fully-fledged channel to rival present services.

The Home Office study discusses various ways of financing — higher television licence fees, special satellite licences, subscription and advertising—but "none is without its difficulties."

The study says: "Increased television licence fees or a special licence would be relatively easy to collect, but could not be matched precisely to the cost of the service."

Subscription service would provide a more flexible source of revenue, but it is not clear how such a system should be managed.

Advertising revenue in the initial years might be insufficient to cover the cost of even the cheapest programme service, and competition with existing channels would put more pressure on conventional broadcasters.

Broadcasting industry faces invasion, Page 8
Editorial comment, Page 18

Government plans £900m cut in grants to local authorities

BY ROBIN PAULEY

THE GOVERNMENT is planning to withhold £900m in grants from local authorities in England and Wales immediately as a penalty because their budgets for 1981-82 have exceeded the target by that amount.

This means that about 300 councils out of 456 will lose grants—in some cases tens of millions of pounds. Councils which decide that they cannot or will not make cuts to reach the Government's target will either have to use their own balances or regain the lost money from ratepayers.

This raises the likelihood of widespread—and in some cases very large—supplementary rate bills later this year.

The loss of £900m represents nearly 8 per cent of the £11.64bn (1981-82 outturn prices) to be paid to councils in England and Wales this year.

The decision reached by a large ad hoc Cabinet committee this week will be announced in the Commons by Mr. Michael Heseltine, the Environment Secretary, on June 2. Local authority leaders will be notified later the same day at a meeting of the Consultative Council on Local Government Finace, which has been postponed from tomorrow.

Several Ministers are unhappy about the severity of the penalty and are still hoping to have the amount reduced when the committee meets again tomorrow to clear up the final details.

This meeting will also decide whether to excuse councils—mainly shire counties—which have missed the target by a small amount but are within the Government's assessment of the amount they need to spend to provide a standard level of services.

The Government set an overall target for the volume of local authority current expenditure in 1981-82 of 5.6 per cent below the outturn expenditure level of 1978-79.

The Cabinet committee includes the Treasury Ministers, local government and spending Ministers, the Welsh and Scottish Secretaries, the Industry Secretary, Employment Secretary and the Prime Minister.

Some Ministers have been worried about the decision because of its possible impact on rates or the cuts in services which meeting the target would necessitate.

Each council will be sent an exact figure of the amount of grant it stands to lose and the extent to which it has missed the target. It will also be asked to send in a revised budget of its 1981-82 expenditure plans.

The amount of grant then released to the council will match exactly the amount by which it has reduced its spending plans to meet the target. Any council which increases its spending projections in the second budget, as some did in a similar unsuccessful exercise last year, will lose even more grant on a pound-for-pound basis.

The move, which confirms local government's worst fears about the level of attack which the Government might launch on overspending, is recognised by the Cabinet as being "the high risk option." This is because it could lead to some ratepayers facing second rate bills almost as large as the ones they have already received for 1981-82.

Firemen threaten national strike

Bond issues flood hits markets

BY FRANCIS GHILES

FOURTEEN international bond issues were launched yesterday. They were worth a total of \$581m, and although higher total values have been announced, this is believed to be the largest number issued in one day on the international capital market.

The deluge illustrates the pent-up demand for funds stifled in recent months by the rapid rise in dollar rates. This surge has pushed interest rates in most main currency sectors of the international bond markets up sharply, making the launching of issues exceptionally difficult.

Yesterday's extraordinary wave of activity came at the end of two weeks during which most sectors of the bond markets have been relatively stable. As a result borrowers urgently in need of funds were prompted to rush to the market in spite of rates of interest that remain historically high.

The spate of new issues—and there were rumours last night of further dollar bonds in the pipeline—did not affect prices of seasoned issues particularly in the fixed interest dollar sector. But bankers were expressing concern that they could weaken if too many new issues were launched.

Investors are still showing a marked lack of enthusiasm for buying longer-dated paper at a time when U.S. interest rates are still rising.

Six of yesterday's new issues were denominated in dollars, six in Swiss francs, one in sterling and one in Norwegian krone. There were no new issues in D-Marks. Although no longer officially closed to foreign borrowers, conditions in the D-Mark sector remain volatile, making new issues difficult to place.

Euromarkets, Page 27

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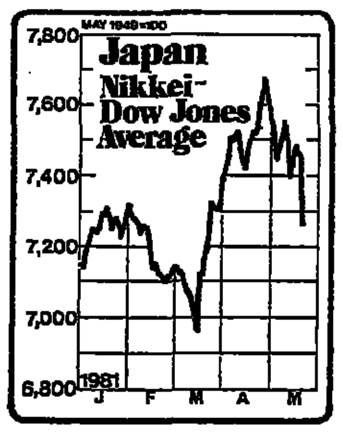
For latest Share Index phone 01-246 8026

Huge fall on Tokyo stock exchange

By Richard Hanson in Tokyo

THE TOKYO Stock Exchange suffered its worst loss in a single day for more than six years yesterday. The fall was partly in response to growing concern at the way in which Mr. Zenko Suzuki and his Government have handled a series of disputes linked to the sensitive issue of Japanese defence policy.

Since the weekend the Government has been shaken twice by rows surrounding the country's military relationship with the U.S. In combination with rising American interest



rates the Nikkei Dow Index yesterday shed 187.88 points and closed at 7,264.01—the lowest level since March 23 and its sixth worst daily performance since 1949.

The index lost nearly 35 points on Monday, partly in response to the resignation of Mr. Masayoshi Ito, the Foreign Minister and yesterday's drop came after Mr. Edwin Reischauer, a former U.S. ambassador to Japan, revealed that American warships carrying nuclear weapons were entering Japanese ports with the agreement of the Government, contrary to established anti-nuclear policy in Japan.

The allegation came as a serious embarrassment to the Suzuki Government and while it was officially denied. Mr. Suzuki quickly promised an investigation.

The row over the statement by Mr. Reischauer, will centre

Continued on Back Page

Discord replaces harmony, Page 4
World stock market report, Page 30

£ in New York

	May 18	Previous
Spot	\$2.0880-0890	\$2.0760-0780
1 month	1.25-1.35 pm	1.45-1.52 pm
3 months	3.40-3.50 pm	3.80-3.90 pm
12 months	7.90-8.10 pm	9.00-9.20 pm

Thatcher stands firm on cuts in defence spending

BY RICHARD EVANS, LOBBY EDITOR

THE Prime Minister and Mr. John Nott, Defence Secretary, rebuffed the challenge of Conservative critics yesterday by insisting there would have to be a fundamental review of defence needs over the next decade, involving difficult and unpopular decisions.

Mrs. Thatcher, speaking shortly before the opening of a two-day Commons debate on defence, gave no indication that the mounting furore within the Conservative Party over a reshaping of Britain's defences would oblige the Government to change course.

"Difficult choices have to be made, and the Government cannot escape them," she said. There were also difficult choices between the defence programme and other public expenditure programmes.

The Prime Minister's repeated refusal to deny reports that Ministers will soon discuss a range of options on a £10bn reduction in the projected defence programme over the next 10 years caused further consternation among Conservative MPs.

Unrest over the reports of the sacking late on Monday night of Mr. Keith Speed, Navy Minister, is likely to die down in the immediate future, but it will not go away.

Backbench pressure to maintain maximum defence spending is certain to be exerted as ministers reach decisions in June and July. The Royal Navy is the most vulnerable service in the current exercise.

Assurances from both the Prime Minister and Mr. Nott that the pledge to NATO of an increase in defence spending of 3 per cent a year in real terms would be maintained, had little apparent effect.

Conservative Party morale was further undermined by the resignation of Mr. Tim Renton as Parliamentary Private Secretary to Mr. John Biffen, Trade Secretary, following closely on the resignation of Mr. Hal Miller as PPS to Mr. Francis Pym, Leader of the Commons.

The resignations were seen as an indication of the Prime Minister's determination to maintain party discipline at a critical time in the present Parliament. Mrs. Thatcher's view is that any minister or PPS who does not wholly accept Government decisions and collective responsibility has no option but to resign or face the threat of dismissal.

The crisis over defence cuts—or reductions in projected expenditure according to the Government—promises to be a source of great conflict in the Cabinet, the Government and the Tory Party for the foreseeable future.

Mr. Nott, opening the defence debate with a speech regarded by his colleagues a tour de force, confirmed that Cabinet decisions on the future of Britain's defence programmes would be made solely on the judgment of cost effectiveness and not on hte basis of sentiment.

This was taken as a clear reference to the campaign on the Tory benches to protect the Navy from rumoured substan-

Continued on Back Page

Sacked Minister to fight cuts, Page 12

Another Tory aide resigns

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

ANOTHER MINISTERIAL aide resigned yesterday as the Government tried to restore discipline to its increasingly mutinous backbenchers.

Mr. Tim Renton, Parliamentary Private Secretary to Mr. John Biffen, the Trade Secretary, said he was resigning in protest at the Government's plans for taxing bank profits retrospectively.

His resignation came as the Prime Minister let it be known she would not tolerate any disloyalty among members of the Government, or those in positions of trust. It followed the resignation on Tuesday night of Mr. Hal Miller, Parliamentary Private Secretary to Mr. Francis Pym, the Leader of the House.

Though the position of PPS is a lowly one, the resignations are highly embarrassing to the Government and symptomatic of the problems it is having imposing discipline on its troops.

Mr. Renton was one of 20 or more Tory MPs who deliberately abstained in the vote on the bank tax late last Tuesday night. Mr. Michael Jopling, Chief Whip, made it clear to him afterwards that abstention on a major piece of Government business like the Budget was not compatible with his position as a PPS. Mr. Renton therefore had no choice but to resign even though Mr. Biffen, who has worked with him since the election, was reluctant to see him go.

Parliament, Page 12

This is no time for political catch-phrases.

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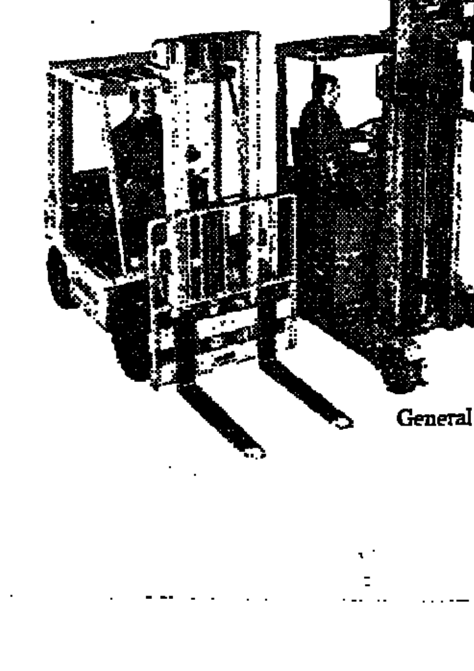

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Concern grows about spending in W. Germany

BY STEWART FLEMING IN FRANKFURT

A WARNING that the growing West German budget deficit will tend to add to balance of payments problems has been issued by the Bundesbank, the central bank, in its latest monthly report.

The statement coincides with mounting political controversy in Bonn about Government expenditure this year and anxieties about the outlook for 1982, particularly in defence.

Earlier this month, the Government was forced to increase its planned deficit for 1981 from DM 27bn (£5.6bn) to DM 33.5bn (£6.97bn), some DM 4bn of which was attributed to the need for bigger unemployment subsidies.

It is expected that unemployment will be higher than expected on average this year because of the weakness of the economy. Tax income is expected to be some DM 800m lower and high interest rates are adding to interest expenditures.

In addition to the expectations of a growing federal budget deficit there are doubts, particularly on account of rising wage costs, about the spending economies which regional and local authorities will be able to achieve.

The Bundesbank has already suggested that the overall public deficit could rise by DM 10bn to DM 69bn this year.

In its May monthly report, the central bank says there is a connection between the growing public budget deficit and the deterioration of the external economic position of the country which last year suffered a current account deficit of DM 29bn.

It points out that both government spending and tax easing go to a greater or less extent for consumptions expenditures with a relatively high import content. It adds that, according to experience in other countries, higher deficit spending does not help to solve unemployment problems.

The central bank has made no secret of the fact that it is unhappy with the attempts that have so far been made in Bonn to curb public expenditure and appears determined to exert what influence it can to support those pressing for economies.

Leslie Colitt adds from Berlin: Herr Karl Otto Poehl, the Bundesbank president, said yesterday that the causes of the D-Mark's weakness—a high balance of payments deficit and growing public sector indebtedness—"unfortunately" were showing no signs of improvement.

Speaking to hte World Congress of Savings Banks in West Berlin, Herr Poehl noted also that it is proving far more difficult to hold down the rate of inflation in West Germany, currently 5.5 per cent, than it was only a few years ago.

Herr Karl Otto Poehl: difficult to hold down inflation rate

But the Bundesbank had "no other choice," he said, than to continue its tight monetary policy. It was not going to "cover up" errors in other areas with the "cloak of a lax monetary policy," however undesirable the present high interest rates were, he said.

He added that it will depend on the U.S. whether world-wide inflation could be reduced to a tolerable level. Following his talks in Frankfurt last week with Mr. Donald Regan, the U.S. Treasury Secretary, Herr Poehl said he was "somewhat more confident" that the U.S. would be able to bring inflation under control. Altering the "mentality of inflation" and the expectations of further inflation would be decisive if there was to be a lasting fall in interest rates.

Big boost in French trade performance

By Terry Dodsworth in Paris

FRANCE ACHIEVED its best trade performance for well over a year last month when it reduced its deficit to FFr 2.2bn (£190m) against FFr 3.6bn in March. The figures reflect a gradual improvement in the French position which could bring a boost to the in-coming socialist admiinstration.

The improving trend should continue for several months officials say, partly because long-term equipment contracts are beginning to make an appreciable impact on exports and partly because imports are slackening with the slow-down in the economy.

The most important single element contributing to the improvement in the trade figures in the past few months has been the increase in capital goods exports, deriving mainly from contracts won in 1979.

Since January, when this category of equipment accounted for overseas sales of FFr 8bn, exports have gone up to FFr 10.4bn (£898m).

This improvement has been accompanied by a big expansion in sales of food and processed food products, which achieved exports of FFr 8bn last month compared with FFr 6.5bn a year earlier. Growth in this sector is currently going up by 25 per cent a year in value terms and 15 per cent in volume.

Imports, which came to FFr 50.7bn last month against exports of FFr 48.5bn seasonally adjusted, are beginning to slow down overall, falling by 4 per cent in volume terms in the past two months. But, on the energy side, the cost of France's imports are still rising fast, going up from FFr 12.5bn in January to FFr 13.8bn last month.

Energy remains the biggest problem facing the trade balance, despite the gradual switch away from oil in the French economy, because of the franc's relationship with the dollar.

Although officials say that the overall trade deficit should be held to between FFr 2bn to FFr 3bn a month for the foreseeable future, they admit that this forecast could easily be upset by a run against the franc in the wake of the elections.

Blow to EEC-Yugoslav relations

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community's desire for a harmonious relationship with Yugoslavia was blocked again yesterday by French and Irish determination to protect the interests of the Common Agricultural Policy.

As a result, the Council of Ministers was again unable to agree on an import quota for Yugoslav baby beef which would take into account adequately Yugoslav problems in exporting to Greece now that Athens has joined the Community.

The issue is becoming a cause celebre which Yugoslavia is using to question the sincerity of the co-operation agreement which the EEC rushed to sign after the death of President Tito.

Belgrade has warned of continuing deterioration of its overall trade balance with the EEC and of its corresponding need to seek closer trade relations with Comecon.

This point was made in Brussels with some force yesterday by Herr Klau von Dohnanyi, West Germany's Deputy Foreign Minister, supported by Sir Ian Gilmour, Britain's Lord Privy Seal, who dubbed the affair "a vital political matter with grave consequences for EEC-Yugoslav relations."

However, the political vacuum in Paris meant that France maintained its hostility to any significant concessions on baby beef.

Supported by Ireland, the French argued that the Yugoslav quota to the Community of Nine—34,800 tonnes—should be raised by only 10,000 tonnes to account for Greek membership because EEC beef stocks are already high at 400,000 tonnes, and because the Yugoslavs would not find a market for more than 44-45,000 tonnes.

Greece's membership of the EEC means that it must impose a levy on imports of baby beef which the Yugoslav's claim is decimating their sales.

These ranged from between 30,500 tonnes to 49,343 tonnes a year from 1977 to 1980, figures which are the basis for the commission's proposal to raise the quota to the Community of Ten from 34,800 to 60,000 tonnes.

The French and Irish claim, with some justice, that Yugoslavia has been unable to fulfil its quota to the Nine, although their claim that about 45,000 tonnes would be an adequate quota conflicts with Yugoslavia's 52,000 tonnes in 1977—1980 average annual shipments

Call to involve Spain, Portugal in reform talks

By David Tonge

PORTUGAL AND SPAIN should be associated with the negotiations beginning this summer on reform of the European Community's budget and agricultural policy, Dr. Loukas Tsoukalis, an expert on the EEC, said yesterday in London.

With a Community of 12 just over the horizon it would be a "disaster" if the EEC's new members continued to specialise in items such as textiles and steel, he said. This could be the result if they were not given some margin of manoeuvre to develop new industries.

It might be necessary, he said, to introduce an EEC industrial policy with differentiated rules for different countries.

Unions want action to save jobs

BY LARRY KLINGER IN BRUSSELS

EUROPEAN UNION leaders yesterday launched an attack in Brussels on what they see as the unwarranted refusal of governments to tackle unemployment with new policies. More than 10m people are forecast to be out of work by the end of this year in the EEC.

Led by the French unions, a succession of speakers at yesterday's meeting of the EEC's Standing Committee on Employment attacked European governments for accepting growing unemployment as inevitable in the fight against inflation.

The committee, which comprises representatives from the 10 EEC governments, unions and employers' organisations and the European Commission, was meeting in hopes of agreeing guidelines for employment policy ahead of next month's planned Council of Economic, Finance and Social Affairs Ministers.

The Netherlands, as the current president of the council, yesterday proposed that this "jumbo" council be held on June 11.

Mr. Wim Albeda, the Dutch Employment Minister who chaired the meeting, admitted at the close of yesterday's discussions that the views of the unions and employers were too far apart to produce guidelines. However, he stressed that all the parties were anxious for the issue to be taken up fully at the council meeting.

He said that "no punches were pulled" in the talks but that all sides agreed that an EEC global strategy was needed to achieve a short-term programme to tackle the problem. This view was supported by Mr. Ivor Richard, the European Commissioner responsible for employment, who said that all member states had indicated a willingness to explore new ways of reducing unemployment.

In his estimate the registered EEC jobless total could rise to 10m by the end of the year. Union leaders, however, said the true figure could be as high as 13m.

He latter attacked the discussion document put to the committee by the Commission, singling out its lack of emphasis on shorter working hours and concrete proposals to reverse the growth in unemployment.

The employers' representatives favoured tackling employment in conjunction with a wider policy to increase investment and vocational training to cope with developing technology

Dutch spending spree in bid to woo voters

BY CHARLES BATCHELOR IN AMSTERDAM

NEXT WEEK'S general election has prompted a multi-billion guilder spending spree by the Dutch Government in an apparent attempt to woo voters.

The announcement on Monday that the Government will pump a further Fl 250m of aid into the loss-making Volvo Car company climaxed a programme of industrial spending which totals Fl 3.25bn (£610m).

Most of the proposed spending fits in with long-term government industrial policy, but the timing of the announcement has aroused criticism in the Netherlands.

The injection of large amounts of financing into industry contrasts with the austerity message that the Government has been repeating.

The announcement that Fl 250m will be provided to Volvo Car was the clearest example of political timing. The announcement was made by Mr. Hans Wiegel, Deputy Prime Minister, during a tour of Limburg, a province with high unemployment, before consultations with the unions had been completed and before the all-party parlimentary Committee for Economic Affairs had been informed.

Mr. Wiegel's announcement surprised and annoyed Volvo Car's management as well as the Economics Ministry, which is handling the Government side of the negotiations.

Formal signing of the deal by Volvo of Sweden, Volvo Car and the Dutch Government is unlikely before the end of the week, the Economics Ministry said. The announcement of the deal might therefore have been delayed until after the election.

The other items of Government spending have been:

- Fl 800m loan to Fokker to help finance the development of a new 150-seat airliner.
- A Fl 700m order to buy light tanks from a Dutch consortium comprising Daf trucks and Rijn-Schelde-Verolne, despite a Fl 100m lower tender from a U.S. company.
- A Fl 200m loan to Oce-van der Grinten to help the company expand research and development facilities.
- A Fl 1.3bn in additional aid to industry approved by a parliamentary majority last week.

Gierek defends record in power

By Christopher Bobinski in Warsaw

MR. EDWARD GIEREK the former Polish party leader, yesterday defended his record in power in the 1970s by saying that he had been guided "by the good society, the need to create new jobs and the desire to modernise the economy quickly," according to TAP, the Polish news agency.

He was appearing before a party commission established last month to apportion blame for the present crisis.

But Mr. Gierek admitted that "disproportions" had been allowed to arise in the economy and that the leadership had lost controle of capital over-spending and the external debt.

He also agreed that there should have been changes in the leadership after the party had been forced to rescind price increases by industrial action in 1976.

Swedish steel production plunges 24.5%

By William Dullforce, in Stockholm

SWEDEN'S PRODUCTION of crude steel plunged by 24.5 per cent in the first four months of this year compared with the corresponding period in 1980, according to preliminary estimates

Total output, at 1.38m tonnes, was the lowest since 1963. The decline at ordinary steel mills was over 28 per cent and 17 per cent at special steel manufacturers.

Svenskt Staal, the large steel company, said demand from Swedish contractors had been very weak, the steel crisis in Western Europe had been worse than anticipated and the EEC plan to stabilise the market had not yet been effective.

Parliament meanwhile, has given Mr. Thorbjörn Fälldin, the Centre Party leader, approval to form his third Government. It will be a minority coalition of his own party and the Liberals, commanding only 102 of the 349 seats.

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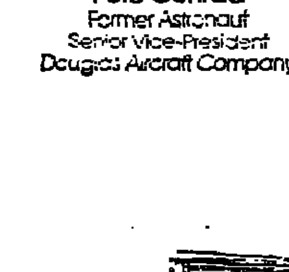

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ITALIAN REFERENDUM ON ABORTION

Church and Radicals lose in vote 'for common sense'

BY RUPERT CORNWELL IN ROME

"A VICTORY for common sense." "We have proved we are a modern mature country." These are the sort of Italian newspaper headlines that yesterday exulted in the resounding defeat for the anti-abortion referendum supported by the ruling Christian Democrats and even more explicitly by the entire establishment of the Catholic Church.

It is a statement of the obvious. Anyone who visits Italy today cannot but observe that it is not a Papal state, but a West European country, struggling none-too-successfully with the problems of an advanced industrial society.

But it did not seem so obvious before it became known that the proposals, which would have removed the legal right to abortion except where the life of the mother was in danger, had been rejected by a margin of 68 to 32. The analogy with the election of M. Francois Mitterrand to the French Presidency is interesting.

An outsider might have guessed easily that France was ripe for a Socialist victory. But just as few inside France dared predict with certainty that 23 years of Centre-Right orthodoxy would be set aside, so in Italy it was difficult to be that confident that the advice of the Church, promulgated from pulpits every Sunday, would be so overwhelmingly ignored.

In the fraught circumstances of last week, it seemed possible the Italians, as a gesture of sympathy to the wounded Pope, might have voted in favour of measures for which he had personally and unremittingly campaigned.

But calmly and with little fuss, 80 per cent of the country's 43m electorate turned out to reject not just the restrictive anti-abortion referendum, but even more heavily, another sponsored by the Left-wing Radical Party, that would have totally liberalised abortion in the first 90 days of pregnancy. The Italians have left unchanged a law that differs little in essence from legislation in most North European countries.

Paradoxically, the shooting of Pope John Paul II last week in St. Peters Square might have had more influence on the three oher referendums, all of which directly or indirectly concerned terrorism. That voters so conclusively opted to retain emergency anti-terrorist legislation, the right to carry firearms with a permit, and life imprisonment—this last despite recommendations to the contrary from Left-wing parties—may have been due in part to the fresh memory of blood on the Pope's white vestments.

Monday night's exhilaration over the abortion vote was only a shadow of that of seven years ago, when in the first post-war referendum on a key social issue, Italians voted to retain divorce. This was again in the teeth of clerical opposition, but the margin was a narrower 59 to 41.

The most striking aspect of the results is their evenness across the country. The South, that reservoir of Christian Democrat votes and always presumed to be much more susceptible to the injunctions of the Church, voted everywhere for the status quo. As it turned out, the only three of Italy's 95 provinces which voted against abortion were in the "endightened" North—the three redoubts of Christian Democracy and Catholicism of Vicenza, Bolzano and Bergamo.

All this underlines how abortion is an issue not of religion but of politics. As Sig. Enrico Berlinguer, the Communist leader, said in the heady aftermath of triumph, Monday's outcome was "a victory of truth over hypocrisy." For what was at stake was not a Manichaen choice between abortion and no abortion. It was between legal abortion under certain conditions (as almost everywhere in Western Europe) and clandestine abortions, of which 600,000 are performed every year.

Sig. Berlinguer and the other Left-wing and centrist parties who fought to save the existing law hope that minds will now be concentrated on how to make it work more efficiently, so that backstreet practitioners may be slowly forced out of business.

For the Government also, it was a vote for the status quo. Had the clerical and Christian Democrat lobby won, strains between the party and their essential lay party allies in the present four-party coalition might have been stretched to breaking point. As it is, the smaller parties, the Socialists in particular, may prove to have gained.

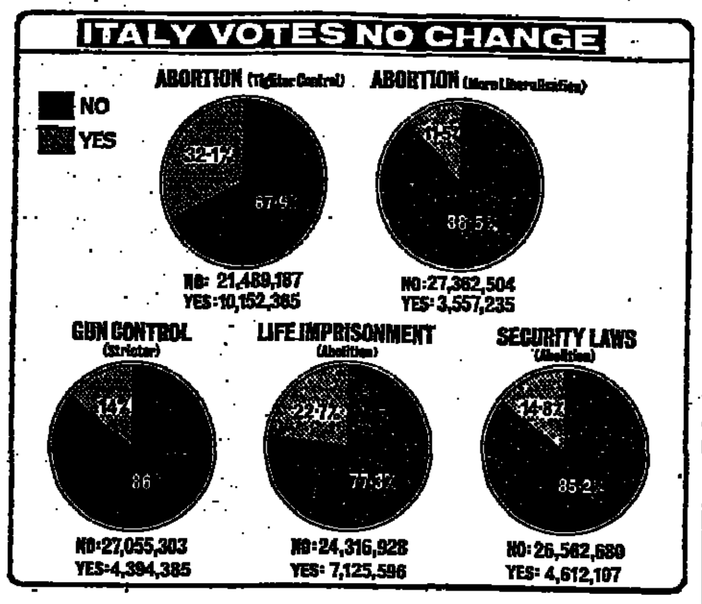
But the benefits will only be measured at the regional and city elections in a month's time.

Of the losers there is little doubt. The church, and indeed Pope John Paul II himself, have suffered a severe blow to their presige within Italy, which may have implications for the arduous negotiations still under way to revise the 1929 concordat, providing the framework for relations between Church and State in modern Italy.

The referendums have also rebounded to the disadvantage of the Radicals, whose agitation was chiefly responsible for their being held at all. The sweeping rejection of all five is a sign of how the practice of a plebiscite, carefully devised by the founding fathers of the post-war Republic as a check and balance of last resort, has been abused.

Circumstances have shown that these five were simply not necessary—except perhaps as proof that laws produced by the country's much criticised Parliament do in fact more or less correspond to the wishes of the population.

In the process, Italy's creaking institutional and constitutional system may have been given a boost. If that is so, then the L150bn (£60m) of Government money which the whole exercise has cost may not have been wasted. But many observers are suggesting that the number of signatures required for a referendum proposal should be raised from 500,000 to something like 5m.




Votes are checked in the Italian referendums.

Ceausescu Czech trip a gesture to Moscow

By Leslie Colitt in Berlin

Romania's Communist Party leader and President, Mr. Nicolae Ceausescu, arrived yesterday in Prague for his first official visit to Czechoslovakia since the 1968 invasion of that country led by the Soviet Union and strongly opposed by Romania.

The visit marks a further shift by Mr. Ceausescu away from his once fiercely independent stance towards Moscow. It is being dictated by Romania's worsening economic situation and by the lesson of Poland.

East European officials point out that Romania is seeking Soviet oil at favourable Comecon prices as it cannot afford to pay for the oil it needs in hard currency. Declining domestic oil output, at 12.5m tonnes a year, is well below consumption and far less than the 29m tonnes which Romania needs to meet exports of refined oil products and chemicals.

The East Europeans say that Bucharest hopes to obtain the cheaper oil from the Soviet Union by soft-pedalling its overt criticism of Moscow and by gestures such as the current state visit to Czechoslovakia.

Romania is also experiencing a severe food shortage. This is linked with its oil problems as massive quantities of meat are being exported to the Middle East to pay for petroleum imports.

One of the most inefficient farming systems in Eastern Europe is unable to provide fresh produce for state food stores. This and the sporadic strikes that have taken place in several factories have provided the Romanian leadership with worrying parallels to the Polish situation of last year.

Iranian oil and gas pipelines 'suffer serious damage'

BY PATRICK COCKBURN

SERIOUS DAMAGE has been caused to six parallel oil and natural gas pipelines in Iran's oil-producing province of Khuzestan according to Press reports in Tehran yesterday.

The impact of the destruction of the pipelines on Iran's oil production is not yet clear, but the pipes are believed to have been used to bring some of Iran's crude to its refineries.

The explosion, in which four oil workers were injured, occurred near the port city of Bandar Mahshahr and local officials are quoted as saying that it could have been caused by a time bomb. In the past Arab separatist dissidents have made sabotage raids on the pipelines in Khuzestan but without much impact on oil production levels.

Attacks on Iranian oil facilities by Iraqi aircraft have, in the past, caused little damage.

The main oil loading terminal at Kharg Island in the Gulf is heavily defended by anti-aircraft missiles. Japanese companies, the largest single purchaser of Iranian crude, say that they are satisfied by security measures taken.

Iran is eager to increase oil production to produce extra revenue. To finance this year's budget, production will have to be more than doubled to about 2.5m barrels a day of crude.

The National Iranian Oil Company is reported to have offered to double its sales of 230,000 b/d to Japanese companies. The Japanese are asking however, for a \$1-2 reduction in the \$37 a barrel price.

Earlier this month Iranian President Abolhassan Bani-Sadr criticised his Government for over reliance on oil revenues and said that Iran would need to export at the rate of 3m b/d to meet budgetary needs.

Australian telephone row

BY COLIN CHAPMAN IN SYDNEY

UNIONS IN the Australian telecommunications industry are planning further industrial action which is likely to disrupt telephone and telex services within the country and gradually sever communications with the outside world. The action planned is similar to that deployed two years ago which cost business and industry millions of pounds.

Already manually connected international calls are subject to indefinite delays and the 23,000 strong militant Australian postal and telecommunications union has imposed a ban on the maintenance and installation of telephones, telex, date and computer lines in government departments.

The union's grievance is that Telecom, which controls telecommunications in Australia, failed to meet a deadline of last Friday in response to an 8 per cent wage claim and a A\$25 (£13) a week special allowance.

The union claims that the Fraser Government has directed Telecom not to negotiate on the wage claims. It is also irritated at a recent Canberra decision to order an inquiry into Telecom to determine the extent to which there could be greater involvement by the private sector in its activities.

Banks seek outline Polish deal

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE TASK force of international banks spearheading Poland's commercial debt renegotiations meets in Frankfurt today in the hope of reaching a framework agreement covering the basic terms on which Poland will be able to reschedule debt maturing this year.

While most participants fervently hope that such an agreement will be reached, the diversity of opinion among the 460 banks involved makes it impossible to predict with certainty what precise form it will take.

Working parties of banks formed to examine both the economic aspects of Poland's case and the possible mechanisms for any rescheduling have been meeting in Frankfurt right up to the last minute.

It will be the job of the task force of 19 leading international banks to consider the conclusions of these working parties and attempt to reconcile the opinions of the national groupings of banks which it represents.

Majority opinion now seems to favour an arrangement whereby debt that was repaid in the first quarter of this year will not be incorporated into the rescheduling agreement. This means that Poland would only be able to defer repayment on some \$2.4bn falling due between the end of March and December 31 instead of the full year total of \$3.1bn it had originally sought.

It is also clear that the banks will insist on receiving interest from Poland, unlike the government creditors who agreed to consolidate some interest payments into the amount rescheduled.

The government creditors agreed to reschedule some \$2.6bn for a period of eight years and it is likely that the banks will take their lead from this. What is not clear is the margin over London interbank rates which they will charge.

Some banks are thought to favour a concessionary low margin on the pragmatic grounds that this would make it easier for Poland to service its rescheduled debt, but others would prefer full market rates, which would imply a margin of somewhere around 2 per cent.

Even if the task force does manage to resolve problems like this, its recommendations will still have to be accepted by the wider national groupings of banks concerned. It is generally admitted that U.S. banks, who are less subject to political pressure than their European counterparts, are taking a particularly tough attitude to the whole problem.

In any case, today's meeting is unlikely to resolve some of the highly complex technical aspects of the arrangement such as procedure for handling short-term trade financing demt incurred through the Polish issue of *a forfait* paper.

A forfait paper is negotiable and some is understood to have found its way into the hands of non-banking entities such as industrial concerns which export to Poland. These have not been drawn into the rescheduling process and are likely to protest if they are not repaid promptly.

NOTICE OF REDEMPTION

To the Holders of

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8¼% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, \$425,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1981, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

22 31 32

ALSO OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

265	965	2065	3365	4265	4965	5765	6765	7765	9065	9965	11065	11865	12965	13965	14765
365	1065	2165	3465	4365	5065	6065	6965	8265	9165	10165	11165	11965	13265	14065	14865
465	1265	2565	3565	4465	5165	6165	7165	8565	9265	10365	11365	12265	13365	14165	
565	1465	2765	3965	4565	5365	6265	7365	8665	9365	10765	11465	12365	13465	14365	
665	1565	3065	4065	4665	5465	6365	7465	8765	9465	10865	11565	12665	13665	14565	
865	1965	3165	4165	4865	5665	6665	7665	8865	9665	10965	11765	12765	13865	14665	

On June 15, 1981, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due June 15, 1981 should be detached and collected in the usual manner.

On and after June 15, 1981 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

Dated: May 14, 1981

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF \$1,000 EACH

M 93	1459	3464	4051	4735	5464	7147	7997	8551	9451	10014	10447	11951	12347	12847	13186	13843	14682
231	1474	3182	4082	4747	5614	7214	8007	8747	9464	10017	10461	11958	12361	12851	13207	13847	14693
524	1547	3403	4086	4751	5693	7217	8009	8751	9482	10047	10464	11964	12384	12864	13216	13910	14793
527	1564	3514	4135	4759	5917	7251	8010	8764	9493	10051	10910	11974	12382	12893	13217	13932	14807
604	2451	3547	4147	4764	5982	7293	8014	8782	9517	10064	10914	11982	12414	12914	13251	13935	14814
582	2493	3551	4164	4814	6082	7307	8017	8793	9551	10147	11264	11983	12417	12947	13282	13982	14817
586	2714	3574	4174	4817	6114	7314	8047	8817	9582	10151	11282	11986	12434	12964	13293	14007	14847
614	2724	3593	4182	5014	6124	7347	8051	8847	9593	10164	11293	11993	12435	12982	13314	14010	14851
617	2733	3614	4193	5047	6135	7351	8064	8851	9614	10182	11314	12014	12447	12993	13317	14014	14864
647	2814	3617	4317	5051	6151	7393	8147	8882	9651	10247	11317	12017	12462	13014	13347	14017	14882
654	2817	3682	4364	5082	6214	7451	8181	8982	9751	10251	11364	12064	12464	13017	13351	14024	14893
693	2882	3714	4382	5093	6282	7464	8182	9193	9793	10266	11374	12093	12482	13047	13410	14147	14907
714	2935	3717	4393	5182	6293	7493	8183	9214	9893	10293	11414	12114	12514	13081	13414	14310	14964
774	3024	3793	4464	5193	6314	7514	8186	9217	9914	10307	11451	12117	12517	13064	13417	14347	14982
917	3035	3835	4517	5214	6364	7547	8191	9247	9942	10311	11459	12147	12582	13082	13451	14351	14993
1024	3074	3847	4521	5217	6393	7551	8193	9251	9947	10314	11464	12151	12693	13083	13464	14393	
1117	3143	3851	4632	5251	6414	7814	8207	9264	9951	10317	11482	12164	12714	13093	13482	14414	
1151	3247	3907	4635	5264	6417	7817	8210	9314	9964	10324	11514	12182	12717	13114	13693	14432	
1251	3251	3914	4682	5274	6664	7824	8217	9317	9981	10335	11517	12193	12747	13117	13793	14493	
1264	3331	3932	4686	5293	6693	7832	8219	9382	9982	10347	11664	12214	12751	13132	13814	14510	
1382	3364	3947	4693	5314	7064	7982	8220	9416	9986	10351	11747	12262	12764	13147	13817	14514	
1386	3425	3951	4714	5317	7093	7983	8247	9417	9987	10417	11893	12293	12786	13164	13832	14547	
1414	3451	3964	4717	5364	7117	7986	8493	9447	9989	10432	11932	12317	12793	13182	13835	14593	
1417																	

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OVERSEAS NEWS

Kenyan economy 'in trouble'

By Mark Webster

KENYA will have to undertake a "fundamental restructuring" of its economy if it is to pull out of its present decline, Dr. Robert Ouko, the Kenyan Foreign Minister said in London yesterday.

"Kenya's easy options have been exhausted and the Government must now come to grips with the country's basic problems," he told the Royal Commonwealth Society.

Falling world prices for Kenya's primary exports—coffee and tea—and the rising price of imported oil had caused serious economic problems for Kenya which were likely to make the early eighties very difficult years for the country, he said. The average growth in gross domestic product for 1979-80 had been consistently revised downwards.

Dacca denies delta hostility

By Our New Delhi Correspondent

TENSION between India and Bangladesh over a 10-year-old mud bank four kilometres south of the Ganges delta, which straddles both countries, took a new turn yesterday when Dacca denied Indian claims that Bangladesh naval boats were patrolling the new island "in Indian waters."

Bangladesh called on India to "desist from unilateral and provocative action" in the area. Late last week India deployed a warship near the Island, New Moore, to "counter the presence" of Bangladesh gunboats in the area.

Saudi Lightnings

IN THE article on defence in the Saudi Arabia survey published on May 5, it was stated that Lightning aircraft with the Royal Saudi Air Force "have suffered from severe servicing problems." The Lightning aircraft in question were sold to the Saudis in 1966. Since 1973 their servicing has been handled by British Aircraft Corporation, now British Aerospace, under contract to the UK Ministry of Defence.

Since 1973 the Lightnings have consistently exceeded the contractual level of serviceability set down in the 1973 Government-to-Government contract.

All roads lead to Zahle for Syria's anxious rulers

BY ANTHONY McDERMOTT, RECENTLY IN THE BEKAA VALLEY

The fertile Bekaa Valley in east Lebanon is of vital strategic importance from whichever end you approach it.

It sweeps like a broad flat channel up from northern Israel towards the Roman ruins of Baalbek. Across its rich fields and orchards, the valley offers a natural approach for an assault on Damascus behind the Anti-Lebanon mountain range, which bounds it on the east.

From Chtaura in the hills on the west, it is easy to appreciate the importance of the main road running across it. The towns are busy with heavy container lorries bound ultimately for the Gulf, for the road is the main and almost only direct link between Syria and Lebanon.

From the Jdeide border point between the two countries, it is possible to see not only the besieged Christian town of Zahle, known as the "Bride of the Bekaa," but also the towering Sannine hills, still streaked with snow. The cloudy peaks, offer several vantage points that dominate both the Mediterranean coast and the Bekaa.

It is hard to believe that an area of such peace and beauty could become the next cockpit of the Middle East.

The starting-point of the crisis between Israel and Syria was the ostentatious placing of five Syrian batteries of SAM-6 missiles mainly around the airbase at Rayak in the eastern part of the valley. Each battery is composed of five groups of three silver-and-black missiles around a radar unit.

But the real starting point was far less spectacular. Last July, the Christian Phalangists emerged, by force, as the leading Christian group in Lebanon.

During the winter, they attempted to widen and pave a dirt road between Zahle, the provincial capital of the valley and a predominantly Greek Catholic town of 150,000 inhabitants, and Niha, about five miles to the north-east in the foothills of the Sannine.

There is already a road snaking up the hillside between Zahle and the town of Baskinta which overlooks the Christian enclave around Jounieh on the coast. But the Phalangist intention was to build a new road from Niha to Baskinta, thereby tying Zahle by a Christian road to the Christian enclave's heartland.

Syria took violent exception to this, bombarded the road and brought building to a halt. It has been besieging Zahle since the beginning of April, having driven all but 300 of the original 1,000 Phalangist militia out of the town. It has been successful, too, in driving the same militiamen off the topmost positions on the Sannine hills. This caused a chain-reaction when Israel shot down two Syrian helicopters and Damascus moved in the missiles.

There were two main reasons for Syria's original action. The first was the ever increasing links between the Phalangists and Israel, which has provided the Phalangists with heavy artillery and 75 tanks. Major Saad Haddad, who controls the Israeli-backed Christian strip in the south towards the Israeli border, has been a key go-between.

Until recently, Syria was isolated both politically and militarily in the Arab world. Damascus genuinely feared that the Phalangist presence on the hilltops and linked by road to Zahle below would provide Israel with direct access to the Bekaa and supplement any military sweep out of Israel.

With the recent introduction of two air defence brigades, Syria now has about 27,000 soldiers in the country. These include three brigades of the Palestine Liberation Army which are under Syrian control. About half of the 27,000 troops are stationed in the Bekaa.

Barring the "Arafat Trail" which goes down the valley southwards through Rachaya, then across and up towards Beirut, the Zahle road is the sole link for transport and supplies from Damascus for the troops in Lebanon. Before the Phalangists were expelled, they were able to cut the road at Chtaura, the Syrian military headquarters.

As the crisis has worsened, wider Syrian motives have been detected. There are dark rumours of Syria wanting the Sannin hills so that the Soviet Union, with whom it is linked by a Friendship Treaty, could instal radar. This would give Moscow seeing and hearing power over the Mediterranean to match Western facilities in Cyprus.

But since 1976 Syrian troops have been in control of Kornat al-Sauda, Lebanon's highest peak, not far from Ehden in the north. It could long ago have set up radar, had it wanted.

A Syrian-Israeli battle would scarcely be confined just to the missiles in the Behaa. Most analysts believe that Israel would attack Palestinian positions in the south as well. As Mr. Philip Habib, the U.S. Special envoy, shuttles between Syria, Israel, Lebanon and Saudi Arabia, there has been increased shelling between the Moslem west and Christian east parts of Beirut, causing about 50 deaths over the weekend.

The chances are that open fighting would spill over into the innumerable factions in Lebanon. This would then be a major test of the role of the reconstituted Lebanese army, now numbering 25,000 and mostly based in East Beirut. The Phalangists have about 15,000 men under arms, with a reserve force of another 10,000.

Farther to the north, in another Christian enclave based on Zghorta, Syria could count on the support of the Marada Brigade of 1,500 men under the command of Mr. Suleiman Franjieh, a former President—a Christian but a close friend of Damascus.

But, at first, the main focuses of fighting would be in the south and the Bekaa, where the Syrians are now well prepared. The crisis has come a long way since the Phalangists first set about refurbishing five miles of dirt road from Zahle.

Arab states to meet over Force

The Arab States are to meet in Tunis on Friday to discuss the possibility of restoring the Arab Deterrent Force, now totally under Syrian control, to the more pan-Arab form it took when it was first brought into the country in 1976, Anthony McDermott writes from Beirut.

Were there to be agreement on this, it would not only dilute the tension with Israel, which regards the presence of Syrian troops and missiles in Lebanon as a direct security threat, but it could also mark the first step towards the eventual withdrawal of Syria's 27,000 troops, which include units of the Damascus-controlled Palestinian Liberation Army.

The Arab League meeting was called for by Mr. Chadli Klibi, the Secretary-General.

A key mover behind the question of the Arab force's future has been Saudi Arabia, which Mr. Philip Habib, the U.S. special emissary, visited last week as part of his efforts to defuse the crisis. Saudi Arabia appears to have taken up various proposals prepared by the U.S.

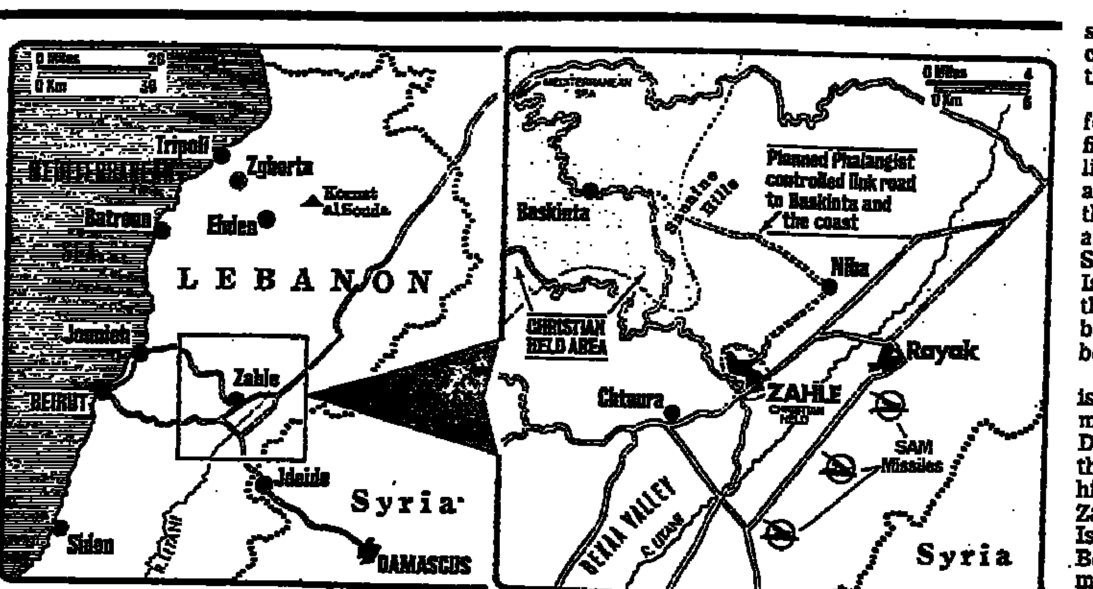
Mr. Habib yesterday ended a third round of talks with President Assad in Damascus and flew to Israel to talk to Mr. Menahem Begin, the Prime Minister.

But while Saudi Arabia has expressed full support for Syria in its crisis with Israel, it is keen to have the Force reconstituted in its original form. When it first came into Lebanon Syria supplied the bulk of the troops, but there were also contingents from the United Arab Emirates Sudan and South Yemen. These were withdrawn about three years ago, thereby opening Syria to the accusation of having an army of occupation in Lebanon rather than a peace-keeping force.

Saudi Arabia, Kuwait, the UAE and Qatar have been paying $90m every six months to finance the Force, whose mandate is renewed by the Arab League at the same time. It is currently due to expire on July 27.

Saudi Arabia seems to have had doubts for some time about the Syrian role in Lebanon. Earlier this year both Saudi Arabia and Kuwait announced they had suspended their payments.

Under the U.S. proposals outlined yesterday in the daily newspaper al-Nahr, the resumption of full Arab payments would be part of the deal whereby the Force would have its earlier pan-Arab character restored.



Suzuki's premiership: A 'fit of temper' disrupts the harmony

BY RICHARD C. HANSON IN TOKYO

MR. ZENKO SUZUKI'S guiding principle of "Wa," or the politics of harmony, took a severe beating last week when Mr. Masayoshi Ito, his Foreign Minister, resigned in a distinctly unharmonious internal squabble between the Prime Minister and the Foreign Ministry.

Mr. Suzuki came to power "accidently" in July last year when the leaders of the ruling Liberal Democratic Party (LDP) failed to reach an agreement on naming any of the more likely candidates to the job vacated when Mr. Masayoshi Ohira died suddently.

He had never been known for driving ambition. In fact, his one strength is supposed to have been patience and persistence in reaching concensus on the issues.

What Mr. Suzuki displayed in the aftermath of his otherwise successful trip to Washington early this month was what amounts to a fit of temper, at how the communique from the summit was handled. According to all accounts, the handling of the commmique was more or less routine. It was released, however (under embargo), before Mr. Suzuki held a second meeting with President Ronald Reagan.

Since the Prime Minister had already approved the document, it struck many as rash that he should complain.

But apparently he would have liked to have added a bit more to the text about how Japan's defence spending increases would have to take into account budgetary limitations, public opinion and other factors emphasised at the second meeting.

As it turns out, attention focused almost entirely on the inclusion of the word "alliance."

These embarrassing displays of discord within the Government reflect two important factors.

The first is that any issue which involves even references to the issue of defence is still highly sensitive, even if the Government agrees on basic policies. Japanese politicians are much more sensitive to the issue than officials in the Foreign Ministry, mostly because they must face questions in the Diet from opposition parties.

Mr. Suzuki has never been given high marks for original thinking, and now a shadow has been cast over his ability to handle the job of Prime Minister. His record to date has been rather colourless, and any gaffes minor. (One involved missing a page of a policy speech while addressing the Diet.)

The second point is that, even if Mr. Suzuki is not the most qualified man in Japan to serve in the top job, it would seem he is not being protected by Cabinet officers and advisers.

Within his "compromise" Cabinet there are several "wolves" who would like nothing better than a chance at the top spot, a position Mr. Suzuki should be able to hold until December, 1982.

The main factor which is likely to keep Mr. Suzuki's political troubles under control is that the ruling party is no closer to resolving the issue of who should be the next Prime Minister than it was when the mantle fell on Mr. Suzuki.

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Schmidt seeks pledge of early missile talks

BY JONATHAN CARR IN BONN

THE West German Chancellor, Herr Helmut Schmidt, arrives in Washington today to seek a personal commitment from President Ronald Reagan to early missiles limitation negotiations with the Soviet Union—perhaps as soon as October.

A pledge from Mr. Reagan would, it is felt, underline the already-expressed U.S. readiness for East-West talks and would strengthen Herr Schmidt's hand against some of his own party who are suspicious of Washington's intentions.

The missiles issue, as well as Third World questions and economic and financial affairs, will be a key item in Herr Schmidt's five hours of talks with the President.

Bonn welcomed the North Atlantic Treaty Organisation's ministerial communique issued in Rome on May 5 which noted "the intention" of the U.S. to start negotiations on intermediate range nuclear missiles with Moscow by the end of the year.

However, it is understood that Mr. Alexander Haig, the U.S. Secretary of State, had to consult with Washington from Rome before going even as far as that. Bonn now wants confirmation from the very highest level that behind the Rome formulation lies a firm U.S. policy commitment.

West German officials make clear that they are well aware that the mood in the U.S. after Afghanistan and with a new President is strongly for arms modernisation—for "catching up with the Russians."

But they stress that the Nato decision of December 1979 involved modernisation and negotiation as indivisible elements and that credible defence strategy depends crucially on both being maintained.

It is noted that Herr Schmidt last weekend publicly identified his future as Chanceller with seeing the Nato decision carried through by Bonn in full. His move was intended as a signal to Washington as well as to his own Social Democrat Party.

The West Germans now expect a similarly clear signal from President Reagan on negotiation. Without this it is felt that the European side of the Nato bargain, involving acceptance of the new U.S. missiles on European territory from the end of 1983, may prove impossible to maintain.

Bonn is emphasising to the U.S. that West Germany already has what is probably the heaviest concentration of nuclear weapons in the world, in an area about the size of Oregon. If more such weapons are to be deployed, then German public opinion has first to be convinced that every negotiating avenue has been explored.

Negotiations to end the 54-day-old strike by 160,000 U.S. coalminers reach a crucial point tomorrow when the bargaining council of the United Mineworkers Union meets in Washington to consider the employers' latest offer, Ian Hargreaves reports from New York. The offer is thought to be a compromise on the issue of the use of sub-contract non-union labour by coal companies which has become a key element in the dispute. If the offer is rejected it could lead to a formal declaration of impasse which would give employers freedom to re-open contract talks at local level.

GM's J-CAR

A $5bn gamble on a one-horse race

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS will tomorrow, in the words of Mr. James McDonald, the company's president, start rolling a $5bn set of dice.

That is the capital investment behind GM's J-car, which goes on sale in the U.S. tomorrow. Needless to say it is GM's and the U.S. industry's most expensive project ever, dwarfing even the $3bn Ford is putting into its Escort-Lynx "World Car."

By the end of next year, GM will have the capacity to turn out 1.2m Js a year in North America alone. Once production gears up in the UK, West Germany, Australia, Brazil, South Africa and Japan, also in the course of next year, annual worldwide capacity will exceed 2m units. That is more than the entire UK car market last year.

For the moment, GM is concentrating on its battered home market, where the J is being billed as the biggest single step so far in Detroit's efforts to combat Japanese competition, which in April took imports to a record 29 per cent share of the U.S. car market.

The J launch also carries profound significance for Ford and Chrysler, not to mention the U.S. economy in general which is now struggling for the third time in 18 months to pull the motor industry out of its worst slump since the war.

So far as beating the Japanese GM, like other U.S. manufacturers, has been doing some copying. Detroit has been applying Japanese techniques in such areas as robotics and quality control for a long time. With the J-car, a big U.S. manufacturer will be admitting for the first time that the Japanese have even found a better way of marketing, by loading up their up their cars with such extras as radios and clocks, all encompassed within a single "base" price.

Chrysler took a shot at this approach when it launched its K-car last autumn, but found the customers were deterred by the hefty price of an options-loaded K and had to beat a retreat to less fancy and less profitable versions of the car. GM, which has set Chevrolet and Pontiac J prices at between $6,966 and $8,452, says it is confident the same thing will not happen. The customer can opt for credits on the price if he really does not want the extras.

The J is significantly more expensive that the Ford Escort, with which it competes directly as a "sub-compact" car, claiming to offer interior dimensions equivalent to those of a compact car. The J will also be dearer than GM's own two-year-old X-cars, which are compacts.

That is not to mention the Cadillac version of the J (right) the Cimarron, which is designed to take on the powerful competition of smaller, high-performance luxury cars built by BMW, Audi and Volvo. The Cimarron, the first Cadillac with a four-cylinder engine since 1914, starts at $12,131. But the conservatives within the industry are already worrying about the risk to Cadillac's image as the main producer of swanky limousines.

But the Cadillac question is of marginal concern beside the battle for the heart of the U.S. car market. After two years of trauma for the industry, this is definitely an area for small cars—or compact and sub-compact in the American classification. About 65 per cent of the cars sold in the U.S. this year have been in these categories.

This market is of perhaps 5.7m units in a weak year like 1980 or 8m in the strong year of Detroit's persistent dreams. The problem is that with the arrival of the J-car, this market is starting to look crowded. The voluntary cutback of 140,000 Japanese cars in the current year, even if it proves effective, will not make much difference.

In 1982, Detroit will be able to produce around 4.5m small cars. If the importers sell the 2.3m small cars they sold last year, the competition looks very severe, which is why Ford and Chrysler were so keen to see tougher limits placed on Japanese imports. Unless the market expands, which would solve everyone's problems, Detroit and the importers look set for another fight in a barrel which will do nothing to ease the financial problems of the four Detroit manufacturers, who together lost over $4bn last year.

It is impossible to predict which of the small cars will do best in these circumstances, but most industry bets are on GM using its marketing muscle to reverse a slide in market share from 47 per cent in the first four months of 1980 to 43.5 per cent in the January-April period of this year.

Ford, is short of capacity for the Escort-Lynx, with 400,000 cars to be produced this year, and 750,000 next year. The company should still be able to sell all the Escort-Lynxes it can produce, but its older, larger models will be even harder to sell with the J-car around. At Chrysler, an expensive increase in market share this year looks very vulnerable and for Volkswagen of America, things can only get tighter. At the end of April, VW had the largest inventory of unsold cars in the industry, with an estimated 76-day supply. American Motors, controlled by Renault, is also still losing its share of the market.

The prospects for a general pick-up in the industry's rate of sales do not appear promising. High interest rates have less effect upon the bigger companies, notably GM, which can finance its dealers and customers at the average cost of its own funds, but for many would-be car buyers it means car loans are either too costly or are unobtainable.

With a 25 per cent increase in car production planned in the current quarter compared with the same period of 1980. Detroit is about to make a decisive test of consumer confidence. The promotional hullabaloo surrounding the birth of the J-car is in the vanguard.

If the test is negative, the industry will be forced back to stonewalling in conditions which could well cause another financial crisis at Chrysler.

For GM, now in the middle of a $40bn investment programme designed to change radically its entire product line, the drive ahead will run over a few bumps, but is not likely to be seriously deflected.

By next autumn, GM will have an intermediate size A-car to add to the J and the X and shortly after that will also be sprinkling new products into more specialised corners of the market.

From the viewpoint of GM's domestic competitors, which simply cannot afford to smother the market in this way with new offerings, GM is not so much rolling dice as placing a bet in what to some seems increasingly to be a one-horse race.

U.S. economic growth of 8.4%

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE U.S. economy expanded in the first quarter of this year at an even more rapid rate than the Government had first calculated, but with an inflationary component significantly higher than original estimates.

According to the revised figures issued by the Commerce Department, gross national product rose at an annual rate of 8.4 per cent, after adjustment for inflation, in the first three months.

This compares with a first estimate of a 6.5 per cent advance in real terms and growth of 3.8 per cent in the final quarter of last year. The magnitude of the expansion, well in excess of both official and private forecasts, is the largest in any quarter since the April-June period of 1978.

The darker side lies in the department's report that the rate of inflation, as measured by the GNP implicit price deflator, went up at an annualised 10 per cent in the first quarter, well above the 7.8 per cent of the first estimates. This is, however, some decrease on the 10.7 per cent of the fourth quarter of last year.

The scale of the upwards revision in GNP is exceptional. Of the $27bn growth over last month's figures, $10.5bn was accounted for by additional expanison of inventory investment and $12.7bn from an improved trade picture

Recent statistics issued for April suggest that though the economy is growing less fast than in the first quarter, it has by no means run out of steam.

There is evidence that consumer spending is beginning to slow significantly while export performance is likely to be affected by the rise in the value of the dollar.

Belize treaty talks resume today

BY OUR FOREIGN STAFF

BRITAIN and Guatemala begin talks in New York today which both countries have agreed should lead to the independence of Belize, formerly British Honduras. The two sides will be aiming at a treaty which can fill out the heads of agreement document concluded by them in London in March.

That document provided Guatemala with extensive transit righhts to the Caribbean and sparked off unrest in Belize. Apprehension about the political implications of independence and fears about Guatemala's intentions led to riots. Mr. Nicholas Ridley, Minister of State a the Foreign and Commonwealth Office, visited Belize earlier this month to reassure the colony.

Britain's view remains that it can no longer afford to maintain its existing defence commitment and that Belize and Guatemala, two traditionally hostile neighbours, should now accept the need to co-operate as independent states.

Guatemala is, however, distrusted profoundly in Belize, a tiny country (population 140,000) which has been threatened for a century with invasion by its larger neighbour (population 7m). Many of Belize's people would prefer to remain under British protection and the opposition parties have been keen to attack the Government of Mr. George Price for accepting the March agreement.

As Prime Minister, Mr. Price will be attending the New York conference, though Belize's constitutional position has been left deliberately vague at the talks

Mr. Price has declared that a referendum will be held in Belize on the independence issue. Britain is hoping that this can follow successful conclusion of the treaty negotiations with Guatemala.

Disaffection in the army at Brazil's political reform

BY RIK TURNER IN SAO PAULO

ON May Day eve, two soldiers of the Brazilian army were the victims of a bomb explosion at a show organised by the Communist Party for an audience of 20,000 people. The sergeant was killed when one bomb blew up in his lap and the captain with him is now lying, severely wounded, in a military hospital. Both were bomb experts and members of the army's political wing, DOI-CODI, and both were in plain clothes.

Although the 1st Army has denied it, it appears that two more bombs were found in the soldiers' expensive sports car, which also had false number plates. There is now increasing evidence that the men themselves were planting the bombs in order to knock out the theatre's lighting system, creating havoc and, perhaps, a catastrophic stampede for the exits. The purpose would be to create a "climate of insecurity" to compromise the slow process of political liberalisation known as "Abertura.".

In the days which followed the explosion, Brazil has lived through one of the tensest political crises since the military takeover in 1964.

President Figueiredo: little to no response

Senator Jarbas Passarinho, leader of the Government party in the upper house in Brasilia, warned that Congress runs the risk of being closed, as it had been in 1968 on the eve of a clampdown.

Leaders of all parties, from left to right, have hastened to proffer their unanimous support for President Joao Figueiredo's Government in the battle against the terrorists, who have planted over 70 bombs and taken two lives in the past year.

The origin of the current wave of terrorism is widely believed to be the extreme Right-wing of the armed forces, the largest and best equipped in Latin America and numbering some 270,000 men.

Many officers disagree with the present Government's policy of Abertura, inherited from the previous administration of General Ernesto Geisel and expanded since President Figuerreido took office in March 1979. The hard-liners are unhappy with the gradual return to civilian power and the re-introduction of civil liberties involved—the resurgence of political parties, the end of censorship and amnesty for political prisoners and exiles.

Strategist

The architect of Abertura, is Gen. Golbery de Couto e Silva, the head of the President's civilian household and a political strategist of skill and subtlety. It is the General's plan to restore direct elections for the State legislatures and parts of the federal bodies in 1982 and, if all goes well, for the Presidency in 1984.

To carry out this programme, Gen. Golbery and his associates, who are the power behind the throne in Brasilia, are strengthening the centre and isolating the extremes, both Left and Right. This implies an increasing tolerance of the moderate Left, including the illegal Brazilian Communist Party (PCB), which adopts a moderate "Eurocommunist" stance within the ranks of the Party for the Democratic Mobilisation of Brazil (PMDB).

Meanwhile, Brasilia has recently adopted a hard line towards the Workers Party (PT), which harbours many extremist groups such as the Trotskyists. This party must be marginalised to "ensure the progress of Abertura," to quote official phraseology.

Brasilia may eventually legalise the PCB, which would be anathema to the hardliners, who are also incensed by the economic crisis hitting the middle class from which the middle ranks draw their strength. The current Brazilian system of wage indexation excludes the upper levels of the middle class, so these are actually losing ground to manual workers.

The hardliners are also unhappy about the new freedom enjoyed by the Press.

While the May Day eve explosion was followed by a host of contradictory statements by military authorities and anxious expressions of support for President Figueiredo by civilian politicians, the President himself has made little to no response.

Tortured

In a similarly tense situation in 1976, when a Left-wing journalist and a union leader had been tortured to death by DOI-CODI in Sao Paulo, President Geisel was swift to act, sacking the general in charge in that city and making it clear that Abertura would continue. Many observers over the past week have called for similar action from President Figueiredo.

But too enthusiastic a response from the President would only antagonise the hardliners. At the same time, his room to manouevre is more limited than in 1976 because the trouble stems not from a few hard-line generals but a much larger number of colonels. As a senior officer of the air force explained: "The trouble now is with the colonels since at least half of the key generals—those who command troops rather than occupying desks in Brasilia—support the Government. Some two-thirds of the colonels are hardliners."

The officer predicts that Brasilia will quietly slow down Abertura and shuffle the hardliners into desk jobs to keep them quiet.

None the less, the battle is far from won. Last week, the Armed Forces General Staff reactivated the Permanent Group for Industrial Mobilisation, a collection of business leaders originally formed in 1964 to provide business support for the army coup d'etat. Its revival now is regarded as significant.

The coming months will require all of Gen. Golbery's tactical skill and President Figueiredo's statesmanship if Brazil is to continue on the road to political normality.

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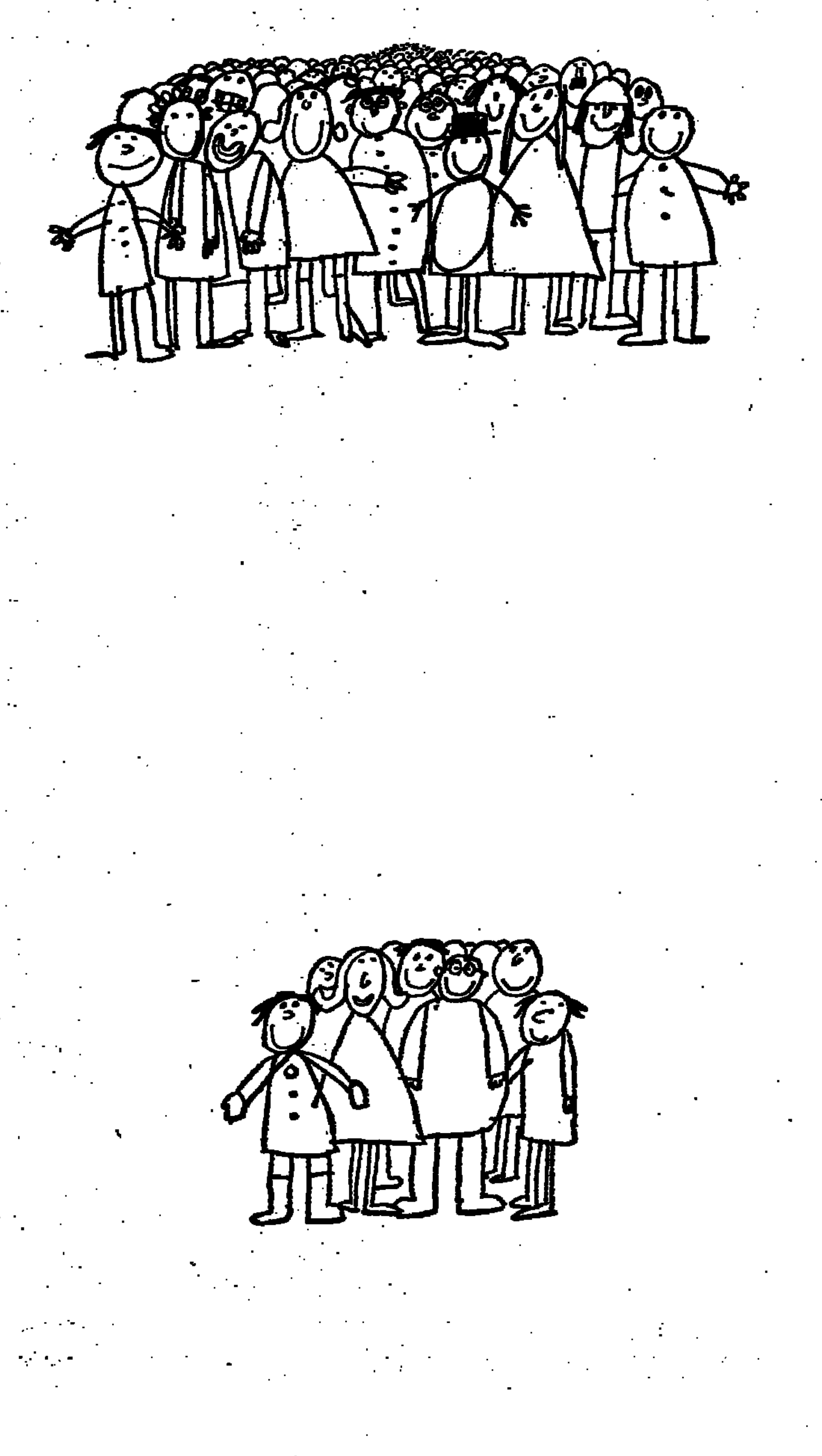

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WORLD TRADE NEWS

EEC holds back from agreement on Japanese car curbs

BY JOHN WYLES IN BRUSSELS

EEC member states failed to agree yesterday on the nature of any voluntary undertaking which might be secured from Japan to curb spiralling car exports.

Prompted by the European Commission, EEC Foreign Ministers endorsed instead a demand that Japanese car exports to the EEC should be covered by measures "analogous" to those agreed recently between Japan and the U.S.

These, said the Council of Ministers, should be covered by a unilateral Japanese undertaking which would also promise that there will be no diversion to the Community of cars which are now barred from the U.S. market.

However, Ministers and officials were quick to explain that the EEC would not be seeking the same 7.7 per cent cut in Japanese 1981 shipments over 1980 that the U.S. has gained.

Rather, reflecting the fact that the Ten would be unable to agree on the details, the Commission has explained that its objective in talks later this month with Japanese officials will be to demand "no further worsening" of the position in the EEC car markets.

This vague formulation papers over internal Community differences although the Commission recognises that it will need to be more precise in contacts with the Japanese.

But since the broad aim will be to contain Japanese car imports rather than to roll them back, some EEC car manufacturers are likely to remain dissatisfied having passed the problem across to Governments after failing to reach a voluntary restraint deal with Japanese car markers in negotiations in Paris last weekend.

Ministers acknowledged that the basic problem is that there is no single Community interest in this matter and that those governments—the UK, France and Italy—which are usually most vocal in calling for restraint on Japanese imports, are protected already on the motor car front by national measures or a voluntary restraint agreement.

Pledges to Third World 'being abandoned'

BY BRIJ KHINDARIA IN GENEVA

THE EEC, Japan and the U.S. are abandoning pledges to admit a steady increase in the exports of the developing countries on preferential terms, according to a report prepared by the United Nations Conference on Trade and Development (Unctad).

Under a new scheme of generalised preferences introduced this year, the EEC is no longer ensuring "yearly increases in terms of value or volume in preferential imports (from developing countries)" the report said. "This commitment is being implicitly abandoned."

The report was prepared for experts meeting in Geneva to examine the separate schemes of generalised preferences (GSP) run by the EEC, Japan and the U.S. These schemes are designed to foster the development of exports from developing countries by providing access to developed markets at preferential rates.

The EEC's new scheme reduces privileges offered to developing countries for the export of manufactured goods and "graduates" the privileges by offering more to the poorest nations than to the more advanced, the report noted.

Such "graduation" is a part of U.S. policy and is included in a new version of GSP which took effect last April, according to a separate report. The policy "has only served to reduce benefits to those countries having the capacity to take advantage of the GSP and, more importantly, it has reduced trade advantages.

Bob King in Taipei reports on the impressions left by a highly successful exhibition of products

European traders stake a firm claim in Taiwan

AS THE last of an estimated 100,000 to 200,000 visitors to Taiwan's first European products exhibition filed out of the Taipei World Trade Centre last week, they took with them the definite impression that Europe's traders are in Taiwan to stay.

During the exhibition's seven days, as many as 100,000 potential buyers and agents saw European products ranging from machine tools and automated textile machinery to wines and dairy items.

Altogether 293 companies from Austria, Belgium, Denmark, France, West Germany, Greece, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland and the UK took part.

An official of the China Export Trade Development Centre (CETDC), a co-sponsor of the show, estimated that on-the-spot sales amounted to $15m (£7.1m) while another $145m worth were under negotiation, he said.

Mr. Louis Heathfield, trade promotion director of the Anglo-Taiwan Trade Committee said, "Those British companies who have come and have not made sales are enthusiastic about their prospects because of the volume of enquiries they have received."

In addition to being the first taste of Europe and its products for many Taiwanese, the exhibition also highlighted the growing number of substantive trade links between Taiwan and Europe.

The UK in 1976 became the first European nation to set up a trade office. France followed in 1978, Belgium in 1979, and the Netherlands last January.

Austria has just inaugurated an office and installed its first permanent delegate, Dr. Klaus Zyla. West Germany's Herr Peter Lemke arrived recently in Taipei and hopes to begin operations this month.

European nations had previously been reluctant to establish high-profile trade presences in Taiwan for fear of complicating their relations with Peking, which still considers Taiwan to be a part of the People's Republic.

But an increasing number of European bankers and businessmen have been attracted to Taiwan because of the market it represents for capital and technological goods, and because of its excellent credit record.

Last year, Taiwan purchased roughly $20bn in goods from foreign nations. It bought about $1.9bn from Europe. But on the export side of the ledger, Taiwan was way ahead, selling over $3bn to Europe. Taiwan's present enthusiasm for things European, however, raises prospects of narrowing the trade gap appreciably.

This year, predicted Mr. K. S. Chang, the Economics Affairs Minister, two-way trade between Europe and Taiwan will reach $6bn, or about 12 per cent of Taiwan's projected world trade total of $49.2bn.

Taiwan dispatched its first buying mission to Europe earlier this year in the wake of a reported $500m deal with the Netherlands for two conventional-class submarines and other heavy equipment.

The significance of that mission, which purchased an additional $100m worth of Dutch products, has not been lost on other European nations.

The purchases had a value equivalent to more than two thirds of the Netherlands 1980 exports to Taiwan ($149.2m). During that year, Taiwan sold about $446m worth of goods to the Netherlands.

West Germany was Taiwan's largest European trading partner last year, taking about $1.07bn worth of imports and selling $723.2m worth.

At the exhibition, however, it was France which fielded the big guns of its industry, including Framatome and Creusot Loire, the engineering concerns.

The 25 participants from the Netherlands included Rij Schelde Verolme, Shv Nederland and Stork Amsterdam. West German participants, on the other hand, were largely lesser-known companies due to poor co-ordination between the Taiwan promoters and German companies.

Even with the impressive sales results at the show, European trade representatives contacted indicated that they are thinking of Taiwan's market more in the long term.

They particularly cited Taiwan's growing demand for both advanced machinery and technology, most of which has traditionally come from Japan and the U.S.

Japan's interests in particular may suffer in Taiwan. It last year recorded a trade surplus of $3.18bn on two-way trade with Taiwan of $7.5bn. By the end of April, its accumulated surplus for 1981 had topped $1.2bn, indicating an even larger year-end surplus than before.

Europe may provide an alternative to Japanese sources. Dr. Zyla reports that his office has received many enquiries from Taiwanese businessmen who previously purchased in Japan and who now want to know more about Europe.

M. Thierry Rosset of the France Asia Trade Promotion Association, says that France hopes to provide 3 per cent of Taiwan's imports by 1986 — a significant increase from last year's 0.6 per cent valued at FFr 457m ($45m).

M. Rosset says that Taiwan hopes to increase its two-way trade with Europe to between 20 and 25 per cent of its world total within five years.

Naphtha price shows sharper fall

By Sue Cameron, Chemicals Correspondent

THE PRICE of naphtha—the most important of the petrochemical industry's oil-based raw materials—is falling with growing momentum on the Rotterdam spot market.

This week the naphtha spot price has dropped to $295 a tonne—a fall of 20 per cent since the beginning of the year. In the past 10 days, the spot price has dropped by just over $20 a tonne and it is about $60 a tonne lower than the European contract price.

The main reasons for the fall in naphtha spot prices are the recession and the glut of oil and oil products.

Many of the European chemical plants that use naphtha as a raw material are still operating at only about 60 per cent of capacity.

Some industry experts believe the slight upswing in March was the result of chemical producers' fears that raw material prices—including the price of naphtha—might start to rise.

They say the present drop in naphtha spot prices could discourage companies from stocking up in the short term.

U.S. becomes South Africa's leading trade partner

BY BERNARD SIMON IN JOHANNESBURG

THE U.S. was for the first time South Africa's largest foreign market as well as its leading source of imports in 1980, according to figures released by the Department of Customs and Excise in Pretoria.

The UK, traditionally South Africa's leading trading partner up to the mid-1970s, was its third largest foreign supplier last year—behind the U.S. and West Germany—and second most important overseas market.

Imports from the UK last year totalled R1.7bn (£1bn), 12 per cent of South Africa's total imports, compared with R1.2bn the previous year. Purchases from the U.S. amounted to R1.9bn (R1.3bn in 1979) and from West Germany R1.8bn (R1.3bn).

South Africa's total import bill reached a record R14.3bn last year, 47 per cent higher than in 1979.

Japan's share of the South African market rose particularly quickly in 1980, with imports rising by 61 per cent to R1.3bn. A sharp increase in consumer goods imports, including motor vehicle parts and domestic appliances, as well as shipments of Japanese equipment for the Sasol Three oil-from-coal plant, appear to have accounted for the bulk of the increase.

On the export side, the U.S. regained its position as South Africa's largest foreign market, buying goods valued at R1.6bn in 1980, 17 per cent higher than the previous year. Exports to the U.S. consist mainly of metals and minerals, including platinum, diamonds, chrome, manganese and krugerrand gold coins.

South Africa's total exports, excluding gold, amounted to R9.7bn last year, against R8.8bn in 1979.

The increase in sales to Britain was far above average, rising by almost 40 per cent to R1.3m. But figures for the past two years have been distorted by sudden changes.

A large proportion of exports of these two items was channelled through Switzerland in 1979, making it South Africa's leading export market in value terms. Last year, however, some diamond shipments were re-routed to the UK, resulting in a sharp drop in exports to Switzerland, from R1.5bn to R1.2bn.

Trade with Taiwan, which has close political and military ties with South Africa, expanded at a very high rate last year. Exports, including maize, coal and steel, jumped from R60m in 1979 to R110m. Imports rose from R116m to R167m.

U.S. and Saudi Arabia in new technical pact

BY PATRICK COCKBURN

THE U.S. will provide Saudi Arabia with technical information on tax administration, the establishment and use of a computer data bank and the training of personnel under a technical co-operation agreement signed between the two.

The meeting of the joint commission on economic co-operation, established since 1974, was attended by Mr. Mohammed Abdel-Khail, the Saudi Finance Minister, and Mr. Donald Regan, the U.S. Treasury Secretary.

The American share of Saudi imports has dropped dramatically over the past decade. U.S. companies operating in the Kingdom blame this in part on the impact of U.S. tax legislation which has discouraged U.S. citizens from working in Saudi Arabia.

Zimmer wins Indonesian spinning plant contract

BY STEWART FLEMING IN FRANKFURT

ZIMMER, the West German subsidiary of Davy Corporation has won a contract in Jakarta, Indonesia, to build a 6,000-ton-a-year polyester filament spinning plant.

The customer is PT Susilia Indah Synthetic Fibres and will be the second facility the company has built for this customer. The previous one had a capacityo f 4,200 tons a year.

Zimmer will provide know-how, detailed engineering, all essential equipment and supervise the construction and start up of the plant which is due to come into operation in late 1982.

The value of the contract was not being disclosed.

Poland-China agreement

WARSAW—Poland will import 2,000 tonnes of pork as well as supplies of rice, fruit, tea, nuts and other goods from China this year, according to the Polish news agency Pap.

As part of the agreement, the Poles will supply precision and measurement tools, engine spares, machine tools, compressors, ships and excavators. The total value of the trade will be about $100m (£47m).

AP

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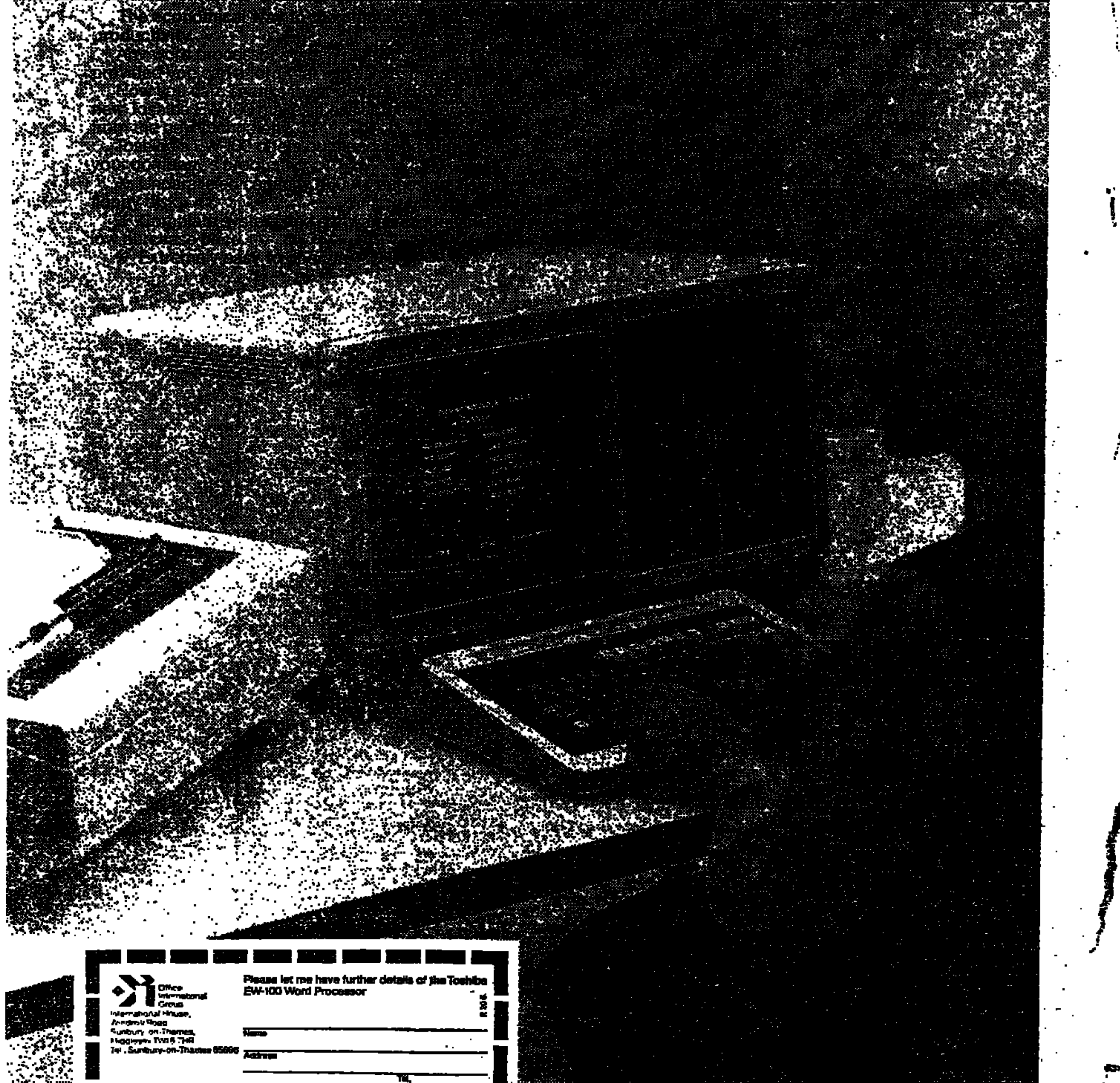

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BAe expected to announce orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FIRST major orders for the British Aerospace Bae 146 airliner are likely to be announced today, when the aircraft is "rolled out" from the production line at the group's Hatfield, Hertfordshire, factory.

After ground testing, the aircraft will fly later this summer.

One of the likely orders is from a New U.S. airline, Westair, which said in San Francisco that it intends to buy six, with an option on another eight, for a total value of $250m on delivery in 1984-85.

Westair intends to use the aircraft on new routes in western states of the U.S., for which it has applied for permission to the U.S. Civil Aeronautics Board.

British Aerospace is understood to be announcing another major order today. Orders have come from Lapa of Argentina for three aircraft with an option on another three, and for two aircraft for an unnamed U.S. commuter airline.

The BAe 146 is a four-engined, short-haul "feederliner" for short range routes. It is to be built in two versions, a Series 100 seating around 80 passengers, and a Series 200 seating up to about 109.

It is currently the second largest civil airliner programme in British Aerospace, after the work being done on the wings for the much bigger A-300 and A-310 European Airbuses.

In the long term the 146 could overtake Airbus. Planned investment is £350m, of which about 80 per cent will have been incurred by 1984. Over £100m has been spent so far.

There are ten 146s taking shape at Hatfield, but the plan is to expand to about four a month by 1982-83, depending on orders.

A major sales campaign is aimed at airlines not only in the U.S. and Europe who are interested in a quiet, fuel-efficient short-range jet, but also countries in the Third World, who are looking for a rugged work-horse type of aircraft.

The 146 is a collaborative venture between British Aerospace and several overseas companies. The engines (ALF-502Hs) are supplied by Avco Lycoming of the U.S., while the Avco group is also building the wing-boxes.

Saab-Scania of Sweden is building the tailplane and the moving surfaces of the wings and tail.

South Africa calls for renewed $-gold link

By Rosemary Burr

Senator Owen Horwood, South Africa's Finance Minister, yesterday called on the U.S. to restore the convertibility of the dolar to gold at a fixed price.

He said in London: "My plea for a reappraisal of the monetary role of gold can no longer be dismissed as simply a ruse to give gold-producers a higher price

"Much more is at stake. We are now dealing with nothing less than monetary and political stability in the Western world and the survival of the free-enterprise ystem."

Mr. Owen rebutted the view that "gold is an enemy of the dollar." He said the U.S. had more gold reserves than any other country.

He was speaking at a two-day conference on world gold markets, sponsored by Consolidated Gold Fields and the Government Research Organisation, a private organisation.

While admitting that re-introduction of a gold-dollar link would not by itself guarantee adequate financial discipline he believed it was bound to assist monetary authorities in attempts to apply sound monetary and fiscal policies.

Frozen food market tops £1bn level

BY GARETH GRIFFITHS

THE BRITISH frozen food market topped £1bn for the first time last year, and half the country's households now own a freezer, according to the Birds Eye Business Report, published yesterday.

Domestic sales took up £851m of the 1980 total of £1.08bn, with the catering industry accounting for the rest. Household sales were up 20 per cent in value on 1979, although volume increased by 8 per cent, compared with an increase of less than 1 per cent in real terms for the sales of all foods.

The report highlights this continuing trend towards frozen food, although British consumers still spend less than their North American counterparts. The UK spends 3.5 per cent of the food budget on frozen products compared to 5.5 per cent in the U.S. and Americans eat nearly three times as much frozen food per head.

The highest growth areas were Pizza sales, which doubled, while frozen chips pushed up the sale of frozen potatoes by 40 per cent, according to Birds Eye.

Mr. Don Angel, chairman of Birds Eye, said yesterday that the frozen food industry had performed creditably at a time of recession and high inflation.

But the number of shops selling frozen food fell by about 7,000 to 80,000 during the year, although retailers increased the space allocated to frozen food.

As in other sectors of the food industry, the multiple grocery chains increased their market share at the expense of the independent grocers. But the catering industry showed no growth because it was affected by cuts in the public and private sectors.

Mr. Angel said most frozen food manufacturers turned in results below 1979 and there had been some huge losses. The report suggests that retailers are likely to show greater profitability than the 320 frozen food producers, processors and importers in the UK.

●Food prices are likely to increase by about 8 per cent this year, according to a review of the food manufacturing industry published yesterday by Phillips and Drew, the stockbrokers.

Prices during the first half of the year are being held down by weak commodity prices and competition among retailers because of falling sales. But the EEC review of farm prices and the fall in the value of the pound is likely to mean an increase of about 9 per cent in the second half.

Manuscript collection fetches over £1.9m

SOTHEBY'S and Christie's started one of the busiest weeks of the season with successful evening sales on Monday. In London, Sotheby's sold 18 manuscripts from the John Carter Brown Library of Brown University, Rhode Island for £1,939,080.

In New York, Christie's disposed of the first part of Saul P. Steinberg's collection of modern paintings for £2,695,476.

SALEROOM

BY ANTONY THORNCROFT

Among the manuscripts the best price was the £770,000, three times more than forecast, paid by the New York dealer Hans Kraus for a missal produced at the Abbey of Ottobeuren near Augsberg about the year 1164. In 1887 Sotheby's sold it for £910.

Maggs, the London dealer, paid £165,000 for a psalter produced in Venice in the early 16th century, once the property of Horace Walpole.

The feature of the Christie's sale was the record prices paid for German expressionist works. "Selbstbildniss mit weisser mutze," a portrait of a sailor by Max Beckman, sold for £285,714.

Gas industry expects to change techniques

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S gas industry is planning to introduce new technology in order to maintain supplies well into the next century, says Mr. Geoffrey Roberts, a director of British Gas and president of the Institution of Gas Engineers.

He told the annual meeting of the Institution in Birmingham yesterday that within the next 20 years the corporation could be using substitute natural gas (SNG) made from oil to meet peak demand.

By the turn of the century, the first coal-based SNG plant would have been designed and might possibly have been built, he went on. In the longer term, coal could be used increasingly to manufacture gas.

Such a change would boost the UK coal industry, for if total present gas demand were met by coal-based SNG, the entire present output of the National Coal Board would be required.

Mr. Roberts, the Gas Corporation's member for external affairs, said that for the next 20 years at least most of the industry's supplies could be collected from natural gas fields. Large areas of the UK Continental Shelf remained unexplored.

The technology of ocean-going liquefied natural gas (LNG) carriers—developed in the UK—might also be used to transport supplies of gas from the Middle East, Africa and Canada.

But the changes facing the industry over the next 20 years were unlikely to be as radical as those of the 1960s and 1970s. In the past 19 years, changes had included a switch from coal-based "town" gas, to oil-based gas and then a further switch to natural gas.

By the year 2000, Britain's gas industry would be only slightly larger than at present. Even in 2050, gas could be supplying some or most domestic heating.

Mr. Malcolm Peebles, Shell International's Gas's director of planning and finance, said that during the next decade the international gas industry would see a growth in the influence of the Organisation of Petroleum Exporting Countries.

Last year, OPEC members supplied some 14 per cent of the 7 trillion (million, million) cubic feet of gas traded internationally. By 1990, OPEC's share could be nearly one-third of the estimated 15.8 trillion cubic feet of international trade.

But the Soviet Union would remain the biggest single supplier on the international scene; its share of the total was expected to stay at about the present level of 25 to 26 per cent.

Judge defers £22,500 payment by St. Piran

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT by St. Piran, the Cornish mining and property group, to get court approval for a £22,500 payment to its Hong Kong subsidiary was deferred until Friday by the High Court yesterday.

St. Piran cannot make any payments other than in the ordinary course of business without the court's consent because it faces a petition for compulsory winding-up.

The petition has been presented by Runic Nominees on "just and equitable" grounds. It alleges that St. Piran's affairs are being conducted in a manner prejudicial to shareholders, and cites the report by Department of Trade inspectors who investigated the company.

Mr. Anthony Mann, for St. Piran, told Mr. Justice Vinelott yesterday that St. Piran (Hong Kong) ran the group's Far Eastern activities. Its staff was provided under a consultancy and service agreement by Gasco Investments (Netherlands), which last month gained control of St. Piran.

The consequences of non-payment of the £22,500 would be serious, Mr. Mann said. Gasco would cease to provide services, effectively paralysing the group's activities in the Far East, which were extremely important to its prosperity.

The application was opposed by Mr. Alan Steinfeld, for Runic, who said there was suspicion about a new agreement between Gasco and St. Piran (Hong Kong), the terms of which were not known.

Adjourning the application to Friday, the judge said that in a case which had attracted a great deal of suspicion, it would be more satisfactory if St. Piran indicated what part of the payment represented staff and other expenses, and put in evidence about the new agreement.

St. Piran applied successfully for permission to pay £27,600 to Thai lawyers handling litigation in Thailand which was worth about £2.25m and was wholly for St. Piran's benefit, Mr. Mann said.

Mr. Steinfeld said that criminal and defamation cases involving Mr. Jim Raper were among the legal proceedings. It was difficult to see how they came into the category of proceedings for St. Piran's benefit, he said.

The judge said that the sum involved was comparatively small, and the risk to St. Piran was much greater if it were not paid.

Engineering employers' leader to retire

By Alan Pike

MR. ANTHONY Frodsham, director-general of the Engineering Employers Federation, Britain's biggest employers' association, is to retire next February.

Advertisements for a successor will appear tomorrow. The EEF will be seeking someone with a "comprehensive knowledge of manufacturing industry, a well-developed political sense and a good understanding of Government."

Mr. Frodsham, aged 61, said yesterday that he had declined to extend his seven-year contract because he believed that a change would be good for him and the federation.

A chartered mechanical engineer and management consultant, he was previously managing director of the P-E Consulting Group.

Mr. Frodsham recently suggested that it should consider extending its employers' association role to co-ordinate some of the work of the many trade associations in the industry. There is sympathy for the idea of a single representative organisation, although some trade associations fear the loss of their identity.

BSC chairman sees business hopes improving

By Gareth Griffiths

IAN MACGREGOR, chairman of the British Steel Corporation, said yesterday that British industry seemed to have completed destocking operations and there was a prospect of improved business activity.

He told the American Chamber of Commerce in London that although BSC had not received a great increase in orders, there were many more inquiries from potential buyers.

Mr. MacGregor said that he did not expect a great upturn in the immediate future, but that British companies were better placed to win export orders because of the falling value of the pound.

BSC's health as a business depended on the economy as a whole.

He said recession had forced industry to reassess its practices. There had been "a quiet revolution" among workers. People now realised that the future was controlled by the efforts of each individual.

Mr. MacGregor cited instances at BSC where work is now done by one person compared with three years ago when three people would have been needed.

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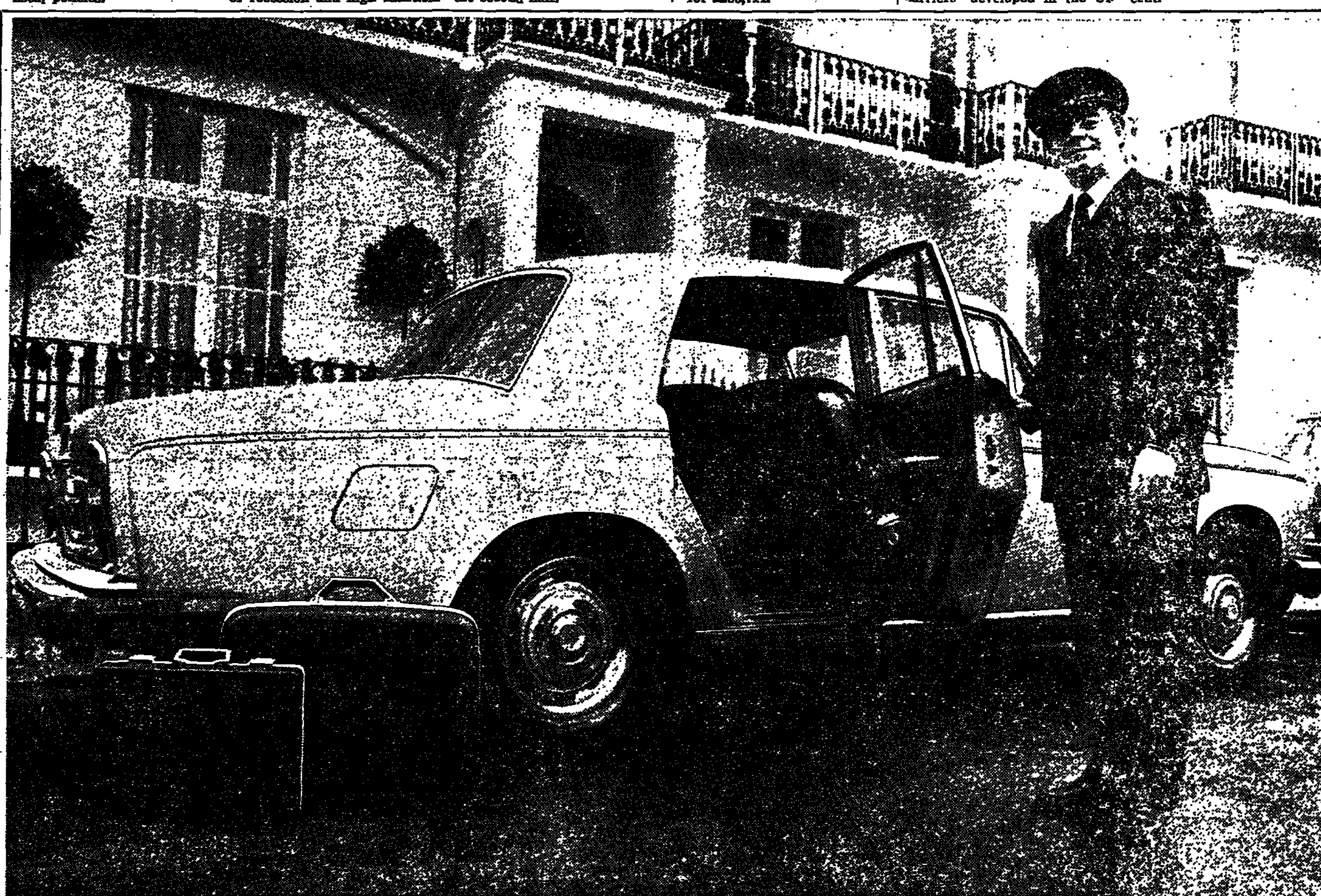

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MPs hear case for state aid to rescue ailing book production sector

Printing employers and unions warn of crisis facing 'mainstay' of the industry. Alan Pike reports

EMPLOYERS and unions from the printing industry yesterday met MPs to express their concern about book production in Britain.

Problems in book production form a particularly dramatic example of the growing attack which the British printing industry is facing from foreign competition. The industry is preparing an application to the Government for selective assistance under the Industry Act.

Mr. Tony Dubbins, assistant general secretary of the National Graphical Association, told yesterday's meeting that such aid was needed urgently to help it "on the road to recovery and prosperity."

The meeting, arranged by the National Economic Development Council printing industries sector working party, is the latest move in a campaign to reverse the troubled fortunes of book production.

There are two main objectives—to win back orders for books which have been lost to overseas printers and to persuade the Government to change aspects of its policies which add to the industry's troubles.

Book production, which employs 20,000 people, was one of the mainstays of the printing industry until recently. Since 1978 book exports have fallen 11 per cent while imports have risen 29 per cent. In the first 11 months of last year, more than 60,000 tonnes of books worth £116m were imported—a 20 per cent increase on the same period of 1979.

Mr. Harry Myers, university printer at Cambridge University Press and chairman of the British Printing Industries Federation book production section, told the MPs he believed the trend to increased imports shown by last year's figures had got worse this year. "Such a dramatic and sudden change has resulted, inevitably, in many more people losing their jobs."

Inflation, interest rates and exchange rates have contributed to this toll. Other problem areas which the representatives of the industry identified at yesterday's meeting included:

- The effect of high energy prices, particularly on the paper industry. Paper represents between 40 per cent and 45 per cent of the cost of a short edition and up to 70 per cent of the cost of producing a long-run paperback.
- The impact of public spending cuts. Reductions in local authority spending on school and college textbooks have severely hampered the industry's attempts to remain competitive. The Publishers Association, which was represented at yesterday's meetings, has imposed two levies on its educational publishing members to finance a campaign against these cuts.

British book printers are also concerned that the U.S., Canada and Australia, all offer forms of protection to their domestic book industries. There are fears that this would make it difficult for the British industry to compete on equal terms even if other barriers, such as the strong pound disappeared.

Changes in technology have made it much easier for books to be produced by overseas manufacturers, but price is the biggest single factor for the increasing amount of British work going overseas.

The sector working party has calculated that prices quoted by British book producers are frequently between 20 and 30 per cent higher than tenders from overseas competitors.

The sectar working party is trying to persuade publishers that British printers can match foreign rivals on quality and reliability. A campaign is under way to demonstrate that the industrial relations image of the national newspaper industry, for example, should not be applied to printing as a whole.

The printing representatives told the MPs, all of whom had book production in their constituencies, that they were not blaming the Government for the industry's own inadequacies and both management and unions recognised that they could survive only by providing a competitive service.

Given the industry's former success, they believed it deserved help with problems which were not of its own making, and could not be solved by the industry alone.

North Sea oil find by Phillips group

By Ray Dafter, Energy Editor

THE PHILLIPS oil exploration group has made a significant oil and gas discovery in block 30/7, 175 miles south east of Aberdeen.

The find has confirmed quadrant 30, in the central part of the North Sea, as a potentially important oil production centre. In March Amoco reported a promising discovery on block 30/12b, close to the Clyde, Fulmar and Auk fields.

As with the Amoco well, the Phillips group tested oil flows from three sections of rock.

In the deepest section light oil of 41 degrees API flowed at a rate of 5,236 barrels a day with 10.9m cu ft a day of gas. Tests in the middle interval produced 3,401 b/d of 42 degree API oil and 8.1m cu ft a day of gas.

In the upper section Phillips tested a flow of very light oil—50.9 degrees API—at a rate of 3,355 b/d. Gas measuring 16.9m cu ft a day was also tested here.

In each case the oil and gas was allowed to flow through a ½-in choke.

The well — code-named Joanne — was drilled to 13,584 ft by the Chris Chenery semi-submersible rig. The 30/7 well is being plugged and abandoned and the rig is being moved to block 73/7, 180 miles off Penzance in the South West Approaches, to drill another exploration hole.

Interests in the 30/7 discovery are Phillips (32.7 per cent), Agip (32.7 per cent), Gulf (25 per cent), Century Power and Light (6.4 per cent) and London and Scottish Marine Oil (3.2 per cent).

BL Metro and Escort win awards for design

By James McDonald

BOTH BL's Metro car and Ford Motor's new Escort range have won Design Council Awards this year. But the 1981 Duke of Edinburg'h Designer's Prize for the year's most outstanding design achievement has gone to the leaders of the Metro design team.

Notably absent from the 21 awards made to companies by Prince Philip yesterday in London's Royal Festival Hall were prizes for decorative products, such as textiles, carpets, pottery and glassware.

Sir William Barlow, chairman of the Design Council, drew attention to this omission when opening an exhibition of winning products. He said the Design Centre would set up an inquiry into the reasons why these areas were failing to achieve results.

There was increasing recognition, said Sir William, that it was even more important in hard times for industry to give priority to investment in the design and development of new products in preference, perhaps, to spending on new plant.

He could not anticipate the results of the inquiry into the decorative products area. "But I hope the results will indicate some positive actions that will lead to improvements."

The Design Council panel, in making an award to the BL Metro, said the design showed priority was given to achieving big car qualities in a compact, inexpensive vehicle. The "Mighty Metro" might become a cult car like the Mini.

Ford's Escort award was for the "engineering elegance" of the project development. The design teams had met the challenge of replacing the previous commercially successful Escort "in a truly professional manner with a car of distinctive styling, excellent aerodynamics and a range of variants."

Prince Philip gave certificates to Mr. Mark Snowden, BL director of product development, light medium cars, and Mr. Ray Bates, BL director of component engineering, light medium cars.

An award and a commendation were won by the Lucas group in the motor sector. The award went to Lucas CAV for its diesel engine fuel injector the size of a conventional sparking plug, the Microjector. The commendation was for research and computer-aided design development on vehicle lighting equipment.

Blackhawk Automotive, of Ashford, Kent, won an award for its P188 Universal Measuring Systems used to check and repair collision-damaged cars.

In other sectors the winning products ranged widely.

In yachting, Brookes and Gatehouse received an award for its Hercules System 190—a complete instrumentation system for yachts and power boats. Magnetic Components won with its Lokata 5 digital radio compass, and M. S. Gibb, yacht equipment suppliers, with its self-tailing, ratchet-action, gearless winch.

A range of oil rig cranes specially designed to deal with North Sea conditions and to meet the complex safety standards has won an award for Priestman, the Hull manufacturers.

Hunting Oilfield Services (UK), of Aberdeen, wins an award for its Talon Casing Connector.

Renold Fluid Power, of Manchester, was a winner for its HM range of low-speed, high-torque hydraulic motors used to drive a wide variety of industrial machines. A quieter, lighter, pneumatic road-breaker—the Zitec 20—wins an award for CompAir Construction and Mining.

Sands Agricultural Machinery received an award for its Forward Control Crop Sprayer

A multi-track recording and mixing system by Solid State Logic was the first British professional audio product to receive a Design Council award. Vickers Instruments won a prize for its image-shearing micro-measurement system.

An award went to Philips Domestic Appliances for development of a reinforced plastic tank for its Variatronic washing machine and one to VGL Industries for its vending machine with microprocessor controls.

Why no glittering prizes? Page 15

Docks board profits slump by 49% to £11.5m

BY WILLIAM HALL, SHIPPING CORRESPONDENT

PRE-TAX PROFITS of the British Transport Docks Board (BTDB) fel by 49 per cent to £11.5m in 1980, its first significant setback for more than a decade.

The State-owned board is Britain's biggest port authority, controlling more than a quarter of traffic and has been hit hard by the recession. Total traffic through its 19 ports dropped by 12.9 per cent to 71.7m tonnes, while total revenue rose 5.2 per cent to £140.7m.

The decline in UK imports of iron ore and petroleum, which normally make up almost two-thirds of the board's traffic, more than accounted for the reduction in total tonage.

In his annual report Sir Humphrey Browne, chairman, says that "the effects of the deepening recession, including the collapse of the steel industry, have been exacerbated by competition from those ports which are receiving subventions and by the high costs and inflexibility of the National Dock Labour Scheme."

The BTDB had found it hard to reduce its dock labour force last year in line with the drop in traffic. Speaking at a Press conference in London yesterday, Sir Humphrey said that the board was employing about 1,000 more people than necessary — nearly one tenth of its workforce.

Nevertheless, he stressed that unlike most other main ports in Britain, the BTDB was still making substantial profits. He estimated that other ports had lost about £40m last year and pointed to the substantial official support being given to Liverpool, London and Bristol.

After tax and interest charges, the BTDB made profits of £8m last year against £16.2m in 1979. It had a favourable cash flow and repaid a further tranche of its debt two years ahead of schedule. It still has £82.8m of debts outstanding.

However, as a result of the recession the board fell well short of its financial target of a 20 per cent return on capital by 1980, which had been agreed with the Government at a time when trade was more buoyant. Last year the board made a 9.9 per cent return.

On an inflation adjusted basis, the BTDB made a current cost loss of £1.2m in 1980 compared with an historic cost profit of £8m after tax. On a current cost basis, its capital employed amounts to £351.5m compared with an historic cost capital employed of £166.1m.

Despite the sharp setback in profits and the uncertain outlook, the Government still plans to sell up to 49 per cent of the board to private investors. The new Transport Bill should be enacted by th summer and the flotation of the BTDB (which will probbaly be called Associated British Ports) could take place any time after that.

A row is brewing between the British Transport Docks Board and the British Steel Corporation over Port Talbot harbour—possibly one of the world's most profitable ports. When British Transport Docks Board built the £20m harbour in 1970 to handle the iron ore and coking coal imports for the Welsh steel mills at Port Talbot and Llanwern, British Steel guaranteed a throughput sufficient for BTDB to recoup its costs.

But with the collapse of a large part of the Welsh steel industry, Port Talbot is working well below capacity and last year traffic fell by nearly two-thirds. Yet it now ranks as BTDB's second biggest earner, accounting for profits of £5.8m (£4m after depreciation) or more than 25 per cent of BTDB's profits.

British Steel has tried for some time to renegotiate BTDB's lucrative contract but without success and has now stopped paying some bills. As a result, BTDB has issued a High Court writ claiming £2.47m from BSC.

Diving bell 'went through a rough time'

A STRICKEN diving bell dangling at a 45 degree angle 500 ft below the North Sea was swinging around hitting the base of an offshore loading system, a fatal accident inquiry in Aberdeen was told yesterday.

When the bell was brought to the surface, with two dead divers inside, it looked as though it had gone through "a rough time," a witness said.

Two U.S. divers, Mr. Victor Güiel and Mr. Richard Walker, died on August 8, 1979, in spite of a 17-hour rescue operation, after the main lift-wire to their bell parted near the Thistle A platform, north-east of Shetland.

Mr. Brian Reid, diving supervisor on the support ship Wildrake when the fatal dive was made, said he heard Mr. Walker, who was outside the bell, say "we have a problem. The liftwire has parted."

He then saw the bell through the divers' video-camera. It was hanging at a 45-degree angle as though it was danging from its life-line umbilical cable.

Communications with the divers broke down almost immediately. The diving support crew tried to establish a through-water phone connection with the bell but this was garbled and lasted only five minutes. The divers were heard repeating "lower the bell, lower the bell."

Mr. Reid said: "The bell was swinging around, beating off the single anchor leg mooring base. I was worried that it might drop on top of the base."

Mr. Reid said the bell liftline in the umbilical cable, a secondary means of recovery if the main liftwire parted, "was not man enough to do the job."

He believed that after the main liftwire broke, the umbilical liftline also broke. This left the strain of the bell to be taken by the supply elements of the umbilical.

Mr. Reid said he had tested the liftline in Lerwick after the accident and found that instead of the 10-tonne breaking strain it should have had its breaking strain was only four tonnes.

Replying to the families' representative, Mr. Reg Christie, Mr. Reid said that although the bell itself weighed 800 lb the umbilical cable liftline could have broken from the heave of the boat or the initial dropping of the bell.

The inquiry continues.

BP Chemicals plans to cut up to 200 Baglan Bay jobs

BY ROBIN REEVES, WELSH CORRESPONDENT

BP CHEMICALS is to cut its Baglan Bay petrochemical works, South Wales, workforce by at least a further 200 jobs, "to improve international competitiveness."

The company hoped yesterday the cut could be achieved by early retirement, redeployment, natural wastage and voluntary severance.

The cut follows the 300-job reduction at the plant announced last September, will reduce the number employed there to below 1,600 and will bring the total number of jobs shed by BP Chemicals plants in the past 12 months to about 1,200.

Meanwhile, Cardiff City Council said yesterday it would make nearly a quarter of the workers in its direct labour department redundant because of the Government's local government legislation.

The 174 job losses, yet to be confirmed by the full Labour-controlled council, are due to take effect in September. They could cause redundancies in other departments.

Mr. Ian Spence, a local official of the General and Municipal Workers Union, said the move was a vindictive step, which could lead to deterioration of council houses for want of simple but essential repairs.

Aveley report advises no prosecution

By Christine Moir

THE Department of Trade inspector's report into Aveley Laboratories and its subsidiary, Aveley/Cybervox, does not recommend changes in legislation or action to be taken over the principals involved.

The Aveley group, a private concern in liquidation since 1976, made language laboratories and associated equipment.

The department appointed inspectors after complaints by Mr. Imre Lake and Mr. F. H. Shaw, the former chairman and managing director, and company secretary respectively, about the way the group had been acquired by Mr. Colin Hammond.

Coal industry attacks move to increase imports

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE BRITISH coal industry angrily rebutted suggestions yesterday that the UK should expand its coal imports at the expense of domestic production.

"This would simply be replacing past dependence on imported oil by future dependence on imported coal, with all the uncertainty this would create," said a joint statement issued by the National Coal Board and the industry's trade unions.

They were responding to a report this week by Professor Colin Robinson, of Surrey University, who said the UK's coal expansion plans were based on "wildly optimistic" demand estimates. He supported increased imports of cheap foreign coal to impose efficiency on the NCB

The industry's statement ignored Prof. Robinson's demand forecasts, but said his report showed "a total absence of any strategy which recognises the over-riding importance of diminishing the dependence of the Western economies on imported energy."

Increased reliance on imports would involve the U.S., South Africa and Australia—countries already facing difficulties.

Britain would be competing for supplies with countries which did not have their own coal resources.

Code of practice aims to curb lottery fraud

PRINTERS of lottery tickets are trying to stamp out fraud which is affecting £20-£40m, or a tenth of the annual stake money.

Five companies which produce more than 80 per cent of all instant lottery tickets have adopted a code of practice covering production and supply. One of the main aims is to eliminate any possibility of identifying winning tickets before they are sold.

The British Printing Federation, to which the companies belong, said tickets would carry a symbol indicating that every effort had been taken to prevent the ticket being used fraudulently.

Isle of Man income tax unchanged

INCOME-TAX in the Isle of Man will remain unchanged at 20p, but allowances have been raised 12½ per cent.

Mr. Percy Radcliffe, chairman of the finance board, told Tynwald, the island parliament, yesterday that the aim must be to keep public expenditure under tight control while seeking to expand the island's economic base.

"The problems which have been associated with the decline in world economic activity illustrate the need for long-term policy decisions on the development of manufacturing industry," he said.

Entrepreneurs needed to exploit British inventions

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN needs more exploiters of invention, not more inventors, the Government's scientific advisers say, in a report published yesterday.

The paper, from the Advisory Council on Applied Research and Development (ACARD), says the National Research and Development Corporation, the Government's agency for the support of inventors, performs a useful and valuable role.

"But no single organisation can take the place of a vigorous and active market place bringing together entrepreneurs and sources of capital."

The biggest factor in encouraging entrepreneurial attitudes was "the success of those who have founded new firms and prospered," it says.

The paper was originally written by ACARD as a discussion document for a seminar at No. 10 Downing Street last January, when the Prime Minister met about 30 inventors and entrepreneurs. A scheduled two-hour meeting went on for more than four hours.

The paper says ACARD's experience is that "the vast majority of inventions originating from private individuals are of no economic value."

Even good inventions did not necessarily lead to highly marketable products. Not all good products were suitable as the basis for starting new companies—they might need too much capital.

Private inventors typically had little appreciation of previous inventions in a particular field, of the need for novelty in concept or know-how, of development, manufacturing and marketing costs, and of potential market size.

Inventors overvalued the contribution of a technical idea to a successful business. They often valued it as 80 per cent of the total worth of a business "in contrast to its real 10 to 20 per cent."

The paper notes a marked change in the attitude of financial institutions to the provision of risk capital.

Exploiting invention. Available from the Cabinet Office.

New life insurance sales figure up

NEW ANNUAL LIFE insurance premiums for the first quarter of 1981 totalled £215m, according to the Life Associations. This is a 9 per cent increase on the corresponding three months last year.

The rise in single premium contracts in the same period was much more spectacular, from £171m to £280m. Much of the impetus here came from unit-linked offices, with new unit-linked single premiums up from £71.4m in the first quarter last year to £125.8m in the same period this year.

Personal pensions, which are contracts available to the self-employed and those in non-pensionable employment, were also buoyant. Single premium business (including unit-linked) totalled £49m in the first quarter of 1981, against £21m.

Government set to curb co-ops 'quango'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is likely to curtail the activities of the Co-operative Development Agency later this year so that it concentrates solely on providing advice to new and expanding worker co-ops.

The alternative is that the agency, which was set up in 1978, will be shut down, saving £600,000.

A decision is to be made by Sir Keith Joseph, Industry Secretary, within the next couple of months.

Created with all-party support by the Co-operative Development Agency Act, the organisation has used up most of its original State tranche of £900,000.

It has failed to meet Sir Keith's wish that it should become self-supporting and only raised about £30,000 from fees in 1980-81 when its spending totalled about £390,000. It now needs the second tranche of funds totalling £600,000 provided for in the Act.

It handled about 560 inquiries about setting up co-operatives in the 12 months to January this year, a substantial increase over the 350 received the previous year, and carried out other promotional work.

There is much support for worker co-operatives in the Conservative party and within industry, but Sir Keith has made it clear that his personal support falls short of providing State aid.

He may be impressed, however, by the argument that it would be wrong to close the agency when the Government is trying to create and expand all types of small businesses.

Small business agency merger shelved

BY OUR INDUSTRIAL EDITOR

A PLAN to merge two of the Government's main agencies for helping small businesses has been shelved, partly at the instigation of the Prime Minister who does not believe there is sufficient evidence to support creation of a new national organisation.

The plan involved combining the Council for Small Industries in Rural Areas with the counselling service of the Department of Industry.

Some of the small businesses' activities of the National Enterprise Board and the National Research Development Corporation might also have been included.

The plan was drawn up earlier this year, partly at the instigation of lobbyists and backbench Conservative MPs, anxious to underpin the Government's small business policies with new institutions. They followed a recommendation from the Wilson Committee on Financial Institutions that various organisations should be merged into an English Development Agency for small firms.

But there was some rivalry within Whitehall. A merger would almost certainly have involved the Department of the Environment giving up some, if not all, of its responsibilities for CoSIRA which is run by the Development Commission

A merger would have required legislation, and it was when this was being considered around the time of the Budget that Mrs. Tatcher is thought to have intervened. She is believed to have said she objected to the creation and expansion of "quangos" and the case for a merger had not been justified.

Praise for Brixton riot police chief

THE POLICE commander at the Brixton riot who refused to withdraw his men after residents claimed it would be the best way to maintain order has been praised by Mr. William Whitelaw, the Home Secretary.

He told the Police Federation annual conference in Blackpool: "As a police officer it was simply his duty to be present to enforce the law and seek to preserve the peace."

Mr. Whitelaw said police/community relations should be a two-way process. It was not good enough for the police to extend the hand of friendship. However, he said it was inevitable that the major responsibility for improving relations would continue to fall on the police.

Broadcasting industry faces invasion from programmes in space

Arthur Sandles and Elaine Williams examine plans for satellite TV

THE ANNOUNCEMENT in the Commons yesterday by Mr. William Whitelaw, Home Secretary, that a "modest but early start" could be made to direct satellite television broadcasting from the UK gave a gentle stir to a considerable hornets' nest.

Conventional broadcasters have been worried for years about the effects of competition from a new type of service. Everyone knew satellite broadcasts would start someday, but no one knew when. Now, if the capital can be raised and British viewers can be persuaded to spend about £200 on additional gadgetry, television signals could be beamed from space in only five years.

There is a great deal to be thought out first. Mr. Whitelaw says that he is ready to consider a system providing one or two television channels plus other information services, perhaps for business applications. Even this modest system would require an investment in capital equipment of about £100m (at 1980 prices) over four years.

Under the terms of international agreements made in 1977 at the World Administrative Radio Conference, Britain has been allocated up to five channels which could be used for satellite broadcast systems.

Direct broadcasting differs from conventional broadcasting in that full national coverage, and more, can be achieved by a single powerful transmitter on a satellite, rather than a network of hundreds for earth-based broadcasting.

A UK service could cover the whole of the country and extend offshore to areas not at present capable of receiving British broadcasts. But a satellite has to be replaced every seven years while a ground-based network of transmitters lasts for more than 30 years.

To receive satellite pictures directly in the home a three-foot wide dish aerial is needed. It can be installed on the side wall of a house, on the roof of an outbuilding or garage, or in a garden where there is an unobstructed view of the sky.

The frequencies used by direct broadcast satellites are much higher than those for normal television signals. A small electronic unit is needed to convert the signals to a lower frequency and to allow the viewer to select other channels and tune into the conventional television network.

For broadcasting organisations the cost of running a 50 hours a week service could range from £10m a year to provide a network showing material already owned by the broadcaster to £100m for a service comparable with the national services run by the BBC and the Independent Broadcasting Authority.

Both the BBC and the Granada group have made proposals for direct broadcast services based on subscription. The BBC has also proposed a second television channel which would retransmit the best of BBC1 and BBC2 programmes outside normal schedule times for the benefit of shift-workers and others.

The IBA is sceptical about the need for satellite broadcasting until after 1990. By that time the present phase of expansion in the broadcasting industry—which includes the introduction of the fourth television channel and more local radio stations will be complete.

This scepticism is scarcely surprising. The ideas for the fourth channel and breakfast television, which were conceived while television advertising revenue was booming a few years ago, are to be launched in much changed circumstances. ITV delayed the introduction of breakfast television so the fourth channel could have a clean start. Established companies are therefore extremely anxious about the prospect of further competition from satellite television, particularly at a time when television subscription experiments are starting.

The BBC is committed to all forms of broadcasting, so it has to be in favour of a new type of service, even if it has reservations about the practicalities.

The advertising industry, on the other hand, would like to see more channels which might help to break the present monopoly of ITV.

The UK equipment industry is also anxious to go ahead with direct broadcasting because of the oportunities it would offer worldwide.

It is estimated that the potential world market during the next 15 years for direct broadcast equipment for satellite television systems is about £2bn. One quarter of this might be the target for British manufacturers.

Part of the world market may be in the developing countries which do not have extensive television networks. Direct broadcasting may be an economic way for them to provide national services.

Competition for these markets would be fierce. Fears have been expressed by the UK industry about the risk of foreign domination, possibly by the U.S., unless British industry can enter the market early.

Britain has a wide experience in satellite design through its involvement in European Space Agency projects. British Aerospace is prime contractor for the European Communication Satellite (ECS), which will give Europe its own regional telecommunications system next year. Marconi Space and Defence, Part of the GEC group, is involved with a maritime version called MARECS.

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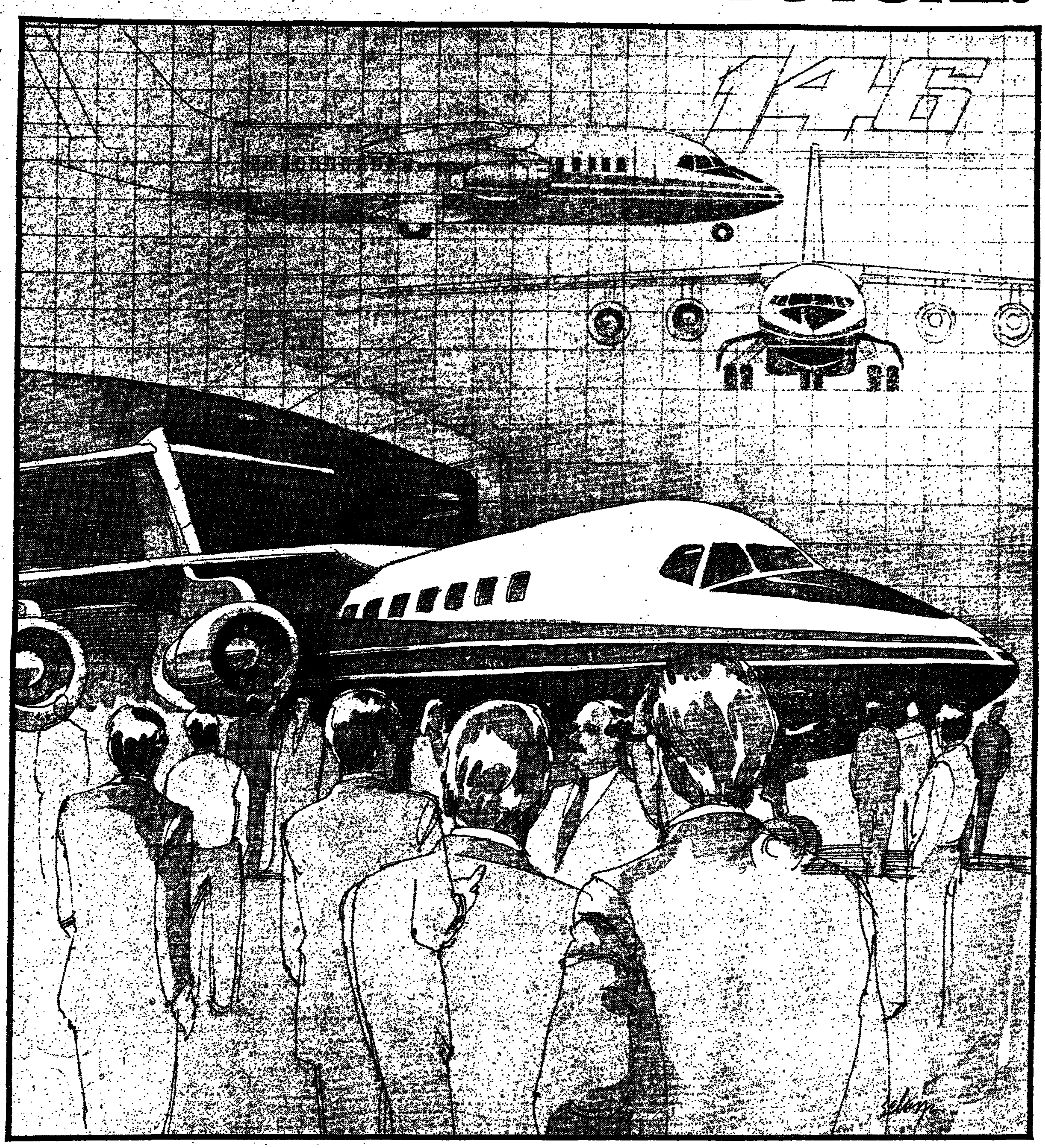

Today in Hatfield, England, British Aerospace rolled out the first of a new breed of aircraft. The BAe 146. An airliner that will bring service to residential communities and metropolitan areas through their neighboring airports. Without annoying noise. Without hazardous pollution.

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Civil Service pay offer may be raised marginally

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is considering whether to raise marginally its 7 per cent pay offer to 530,000 civil servants by up to ½ of a percentage point.

However, the projected increase, funded mainly from manpower cuts which have been effected faster than expected, would still be contained in the pay provisions of the cash limit for the Civil Service.

The possibility of making such an improvement for this year emerged apparently from studies of the latest Service manpower figures. These show a quicker-than-expected progression toward the Government's target of 630,000 officials by 1984. There are 689,000 staff, a 42,700 reduction since the Government took office.

Though marginal the increase if tabled could be of psychological significance for the Service unions, now in the 11th week of strike action.

A part of their campaign has been to break through the apparent barrier of increases of 7 per cent, offered within the 6 per cent cash limit by means of departmental economies. However, it is understood the further increase would be funded still from within the present cash limit.

The Government seemed reluctant, though, to table the extra proportion, for two reasons:

● The Prime Minister's apparent dislike of any move which looks like a cosmetic exercise to end the strikes.

● The real fear that with the hardening of the unions' attitude after 11 weeks such an offer might not only be rejected but would not even be recommended to the membership for acceptance if put.

THE GOVERNMENT'S borrowing requirement last month was £1¼bn to £1½bn higher than it might otherwise have been, as a result of the Civil Service dispute, Mr. Leon Brittan, Treasury Chief Secretary, told the Commons. This estimate brings the total effect of the strike on the borrowing requirement to between £2bn and £2½bn.

One senior official of one of the largest unions said his union would not be able to put out to the membership anything like an 8 per cent offer but would want something in double percentage figures.

The Government is keen to draw the unions back into talks in spite of their publicly expressed hard line. Some Ministers hope talks might be arranged for Whitsun weekend. They are concerned, though, that approaches might be endangered, as previously, by premature public disclosure and resultant rise in strikers' expectations.

Government negotiators are also unhappy about the large team the unions have sent to talks.

A senior union leader warned yesterday of the likelihood of the strikes continuing another three months and of the possibility of their still being in force by the end of the year.

Mr William McCall, general secretary of the Institution of Professional Civil Servants, told his union's Harrogate conference that while all sides would like to see an early settlement, this kind of extension was growing more likely.

The IPCS approved an emergency motion from the union's executive which enabled the union to take part in any extended action jointly agreed. The council's major policy committee today reviews the strike position. Depending on attendance, it could consider whether escalation is necessary.

John Lloyd writes: Escalation of action at the passport offices at London, Glasgow, Liverpool, Newport and Peterborough seems likely to hit holidaymakers. The U.S. Embassy said yesterday it would not issue visas on temporary passports.

More than 300 passport office staff have been called out, leaving a handful dealing with emergencies.

Thatcher will not see jobless marchers

Financial Times Reporter

THE PRIME MINISTER will not meet the right to work marchers when they get to London later this month.

The People's March against Unemployment passed through the West Midlands on Monday on its journey from Liverpool to London.

In a Commons written reply yesterday Mrs. Thatcher said: "No useful purpose would be served if I were to meet those taking part in the march."

Mr. Jack Dromey, secretary of the southeast regional council of the TUC, said on Monday the marchers wanted to meet the Prime Minister "to tell her what life was really like on the dole."

But in her announcement yesterday, Mrs. Thatcher said: "I can understand the frustration arising from unemployment which causes people to support the march.

"But actions of this kind contribute nothing to the real task which faces us, that if improving our industrial performance so as to create more jobs on a permanent basis."

More than 300 marchers were expected to leave the West Midlands to be joined by a further 120 at Northampton and 90 at Bedford.

Rising female unemployment is condemned

By John Lloyd,

CONDEMNATION of the growing level of female unemployment and of the growing gap between male and female wages was made at the annual conference of Tass, the white collar section of the Amalgamated Union of Engineering Workers, in Bournemouth yesterday.

The conference carried a series of motions calling for women's rights to be upheld, and an end to discrimination in the workplace.

On Monday a motion calling for the election of the union's officers was substantially defeated.

The issue is one of a number which has halted moves towards full amalgamation of Tass with the AUEW engineering section, which insists on the election of its officials.

Steelmen to debate SDP switch

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FIRST motion to be debated by a major union on possible support for the Social Democratic Party will come before the annual conference of the Iron and Steel Trades Confederation next month.

The motion from the ISTC's north-eastern region, calls for "all political donations to be suspended until this conference affirms the system of selection of Labour Party leader in an acceptable democratic fashion, and that consideration be given to view whether the Social Democratic Party would be a more appropriate party to support."

This motion echoes remarks in the ISTC journal by Mr. Bill Sirs, the union's general secretary, warning that union members may be attracted to the social democrats because of continuing divisions in the Labour Party.

However, another motion urges that the union "does not in any circumstances move its allegiance away from the Labour Party," and it is expected that the conference will defeat the north-eastern motion.

There is also support for the retention of the leadership electoral college system agreed at the Labour Party special conference at Wembley. However, it is the intention of the union's leadership to seek to replace the Wembley system, which favours the unions, to one where the MPs have 50 per cent of the vote.

Further motions call on the union to toughen its stance on import controls, and to withdraw its worker directors from the British Steel Corporation's board.

The union's executive also intends to put to the conference the BSC pay offer, of a 7 per cent pay increase from July following a six-month pay freeze. On Monday, BSC rejected a claim by ISTC that pay should rise by 7.5 per cent over the year—a cut by one half in its original claim geared to the rate of inflation.

Ford discipline code talks adjourned

BY NICK GARNETT, LABOUR STAFF

TALKS ON the dispute which has halted all Ford UK's car and van output were adjourned yesterday until tomororw.

Some 10,000 workers at Ford's Halewood plant have been on strike since the beginning of last week in an attempt to remove the company's disciplinary code.

A further 10,000 workers, 5,000 of them at Dagenham, where Cortinas and Fiestas are built, and 3,000 at Southampton (transit vans), have been laid off because of shortages of Halewood-made components.

By this morning, the company had lost production of 8,660 vehicles, with a showroom value of £39m, and its car and van output was at a standstill.

At one point, the talks appeared to have broken down and most of the Ford management side left the meeting.

But during subsequent talks between Mr. Todd and Mr. Paul Roots, Ford's industrial relations director, the prospect arose of further discussions.

The company had offered to withdraw the code or to put it on ice. In return, management officials said they had been seeking some commitment from the union side to the establishment of other machinery to stem unofficial stoppages.

The company had not been seeking anything concrete yesterday but wanted more from the unions than simply the promise of further talks.

The unions said they were not in a position to offer anything substantial during yesterday's talks, the company said.

Mr. Todd said: "Come hell or high water the code is going." But he was later "more optimistic" about a solution to the problem.

The unions were prepared to examine the need to reduce unofficial stoppages but not "with a bludgeon over our heads."

Since the code—involving suspending unofficial strikers for the shift in which the dispute breaks out and a further shift—was introduced in November, it has been used by the company about 30 times.

Between November and April this year there have been 42 unofficial stoppages throughout the company. Of these, 16 have been in the Halewood body and assembly plants, and three in the Dagenham body and assembly plants.

Transport union challenges plan to expand TUC power

BY CHRISTIAN TYLER, LABOUR EDITOR

A BLUEPRINT for strengthening and expanding the work of the TUC, already much watered down to meet trade union objections, was given a further jolt yesterday by the TUC's biggest affiliate, the 1.9m-member Transport and General Workers Union.

The whole programme drawn up by Congress House was challenged—partly on grounds of cost—by Mr. Larry Smith, TGWU executive officer, at the second of two consultative conferences of 66 unions.

Mr. Smith said earlier proposals for drawing the TUC into unions' own bargaining were clearly non-starters. He suggested that the TUC's real job was to frame and debate policies, including if necessary policies on collective bargaining—not to be directed by "internally generated five-year plans."

Mr. Smith warned against following continental trade union models with their "huge bureaucracies, banks and so on," when British trade union power was so firmly rooted in the shop floor.

The TGWU was not ready to write a "blank cheque" for extra TUC services when it was providing them itself more cheaply. The five-year plan proposed by the general council contained no budgetary estimates, he said.

The TGWU's criticism typified the views of many of the industrially powerful manual unions who are deeply suspicious of TUC efforts to increase central authority at their expense.

Mr. Larry Smith of the TGWU: No "blank cheque" for the TUC

This general line was supported by the traditionalist Engineering Union. Mr. Gavin Laird, an executive councillor, said the TUC probably had sufficient authority already: it had forced the union to come to terms on the Isle of Grain dispute, and fear of expulsion had been a big factor in the union's recent conference decision not to take Government money for postal ballots.

But Mr. Clive Jenkins, general secretary of the white-collar Association of Scientific, Technical and Managerial Staffs, told the 268 delegates he was a convert to the view that the TUC should have more power, to give a lead on initiatives like a legal limit on working hours, and to to be ready to work alongside the next Labour Government.

Leading moderates criticised the general council's decision to remove from the agenda ideas for changing its own composition.

The National Union of Railwaymen added its support for central power. Mr. Charles Turnock, assistant general secretary, said there were still far too many unions (there are 109 affiliates) and over 100 inter-union disputes a year.

Mr. Fred Jarvis of the National Union of Teachers said the TUC should be looking for internal economies — for example in its affiliation to international bodies—and drawing up budgets as well as proposing new ideas.

Yesterday's debate suggests that the general council propsals for this autumn's congress will not have an easy ride:

The congress will be asked to approve a study of finances—especially union subscription rates—to produce recommendations for the 1982 congress. In the meantime industrial subcommittees may be set up if unions agree, and more resources may be devoted to TUC regional councils.

The general council will propose several "pilot schemes" for extra TUC services this autumn. For the long term, the council still wants to look at controversial areas like inter-union relations, collective bargaining and the composition of the council.

Pay freeze call lifted by Perkins

Financial Times Reporter

THE PERKINS diesel engine company at Peterborough, which last month asked its 6,000 production workers to accept a pay freeze, has now offered wage increases averaging £5 a week.

Trade union negotiators have been told that the rise will be back-dated to April 1, with a further £1 a week increase across the board in November.

The unions have been demanding an extra £25 a week and there has already been a strike at the plant in support of the claim.

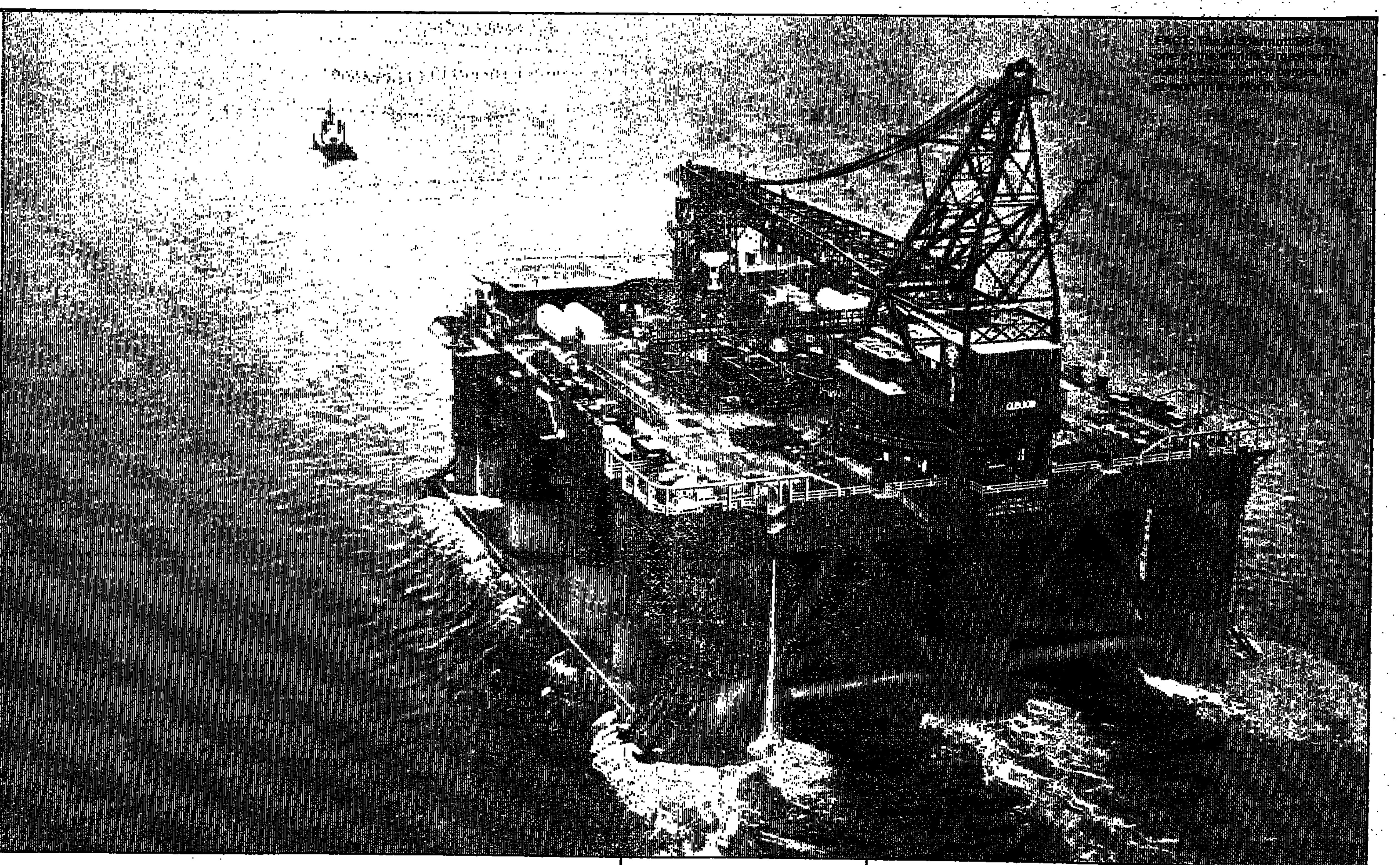
Perkins is one of the world's biggest manufacturers of diesel engines and last month warned that industrial action could only damage its competitive position in world markets.

Drop in manual work forecast

BY 1985 white-collar jobs will outnumber manual jobs as repetitive and routine work is taken over by machinery, Sir Richard O'Brien, chairman of the Manpower Services Commission said yesterday.

There might be virtually no increase in manufacturing employment by then, he told an Industrial Society conference. Although service employment would increase, its growth would no longer be enough to offset the decline in manufacturing, according to recent research work.

McDermott



"We invested over half-a-billion dollars during a down cycle because we predicted today's offshore boom."

J. E. Cunningham
Chairman of the Board
Chief Executive Officer

In the next decade, oil companies will invest an estimated $600 billion to develop potential oil and gas resources. And McDermott has strategically deployed its resources worldwide to help.

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Offshore and onshore, McDermott and its 60,000 employees worldwide are well prepared to help the world solve its energy problems—with oil and gas production facilities; fossil and nuclear energy systems; specialty steel tubing; insulating products; and industrial automation. For more information, write Vice President, Public Affairs, McDermott Incorporated, 1010 Common St., New Orleans, LA 70112.

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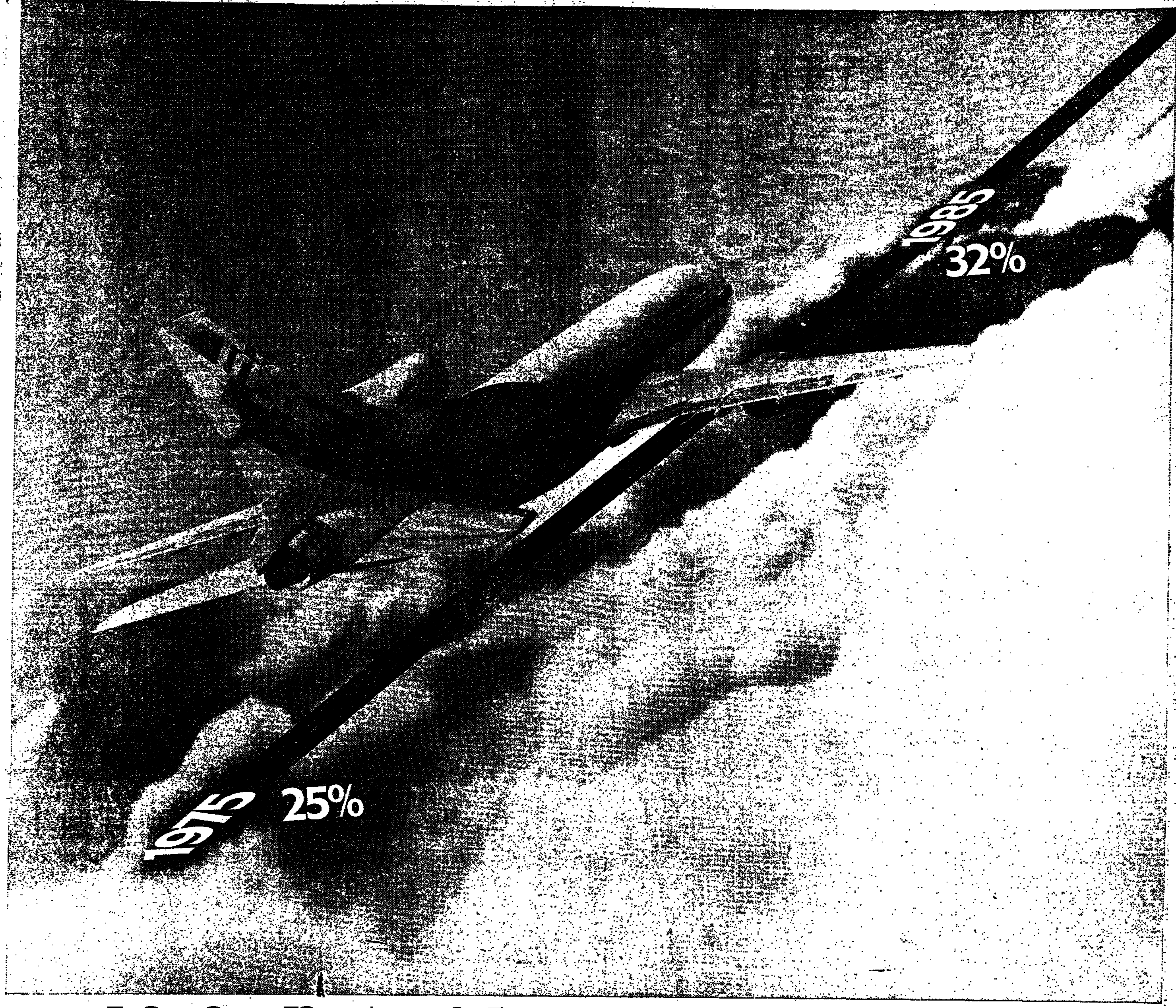

This jetliner rides one of the fastest growing markets in the skies.

The aerospace and financial communities are in wide agreement that the market for new jetliners between now and 1990 will range up to $150 billion. And in the next few years, one of the fastest growing segments of that market will demand a special type of jetliner, one that airlines can operate profitably over long, moderately used routes.

That's where impressive growth waits. In 1975, about 25% of the world's routes were of more than 3,000 miles with moderate traffic. By 1985, that percentage will have grown to approximately 32%.

Matched to the market.

The new twin-engine jetliners coming on to the market won't be able to handle those routes. They lack range. Moreover, a jetliner needs three engines to be certificated for passenger flights over long stretches of ocean. And the big four-engine jetliners cost too much to acquire and operate.

One three-engine jetliner is uniquely matched to this market: the long-range member of Lockheed's wide body L-1011 TriStar family. Called the L-1011-500, it is a little smaller than the other three-engine jetliner (although its cabin is just as wide). That size, coupled with the L-1011's unmatched technology, gives it plane mile costs 8 to 10% below its nearest competitor, according to a large airline that selected the L-1011-500. In fact, no big jetliner can match its combination of low plane mile and seat mile costs.

Stretched wings help tell the story.

Of all jetliners, only the L-1011 has had its wing span increased to help conserve fuel. The nine-foot stretch was made possible by an exclusive system of Active Controls that relieves loads on the lengthened wings. These computer-driven controls also help produce the smoothest flight in the air. In the future, other jetliners will have Active Controls, but they are found on the L-1011 now.

Many other advanced systems help make the L-1011-500 the jetliner of the future. It's the only big jetliner with a "Flying Tail" that gives the pilot better control at all times. Its exclusive Flight Management System selects the best speed and power levels and then automatically controls throttles in flight to save fuel. It regularly lands at some airports in bad weather that will not accept other aircraft.

The right-size plane: a king-size advantage.

The times are changing rapidly in the airline industry. "Open skies" that give airlines more freedom to introduce new routes are a trend of the times. And more and more passengers want direct flights to their destinations. This means more new routes will be opened. With its unbeatable combination of low plane mile and seat mile costs, the L-1011-500 offers airlines a flexibility advantage over airlines flying larger long-range jetliners. If you're interested in new routes and a competitive advantage, hadn't you better get interested in the jetliner with the lowest combination of plane mile and seat mile costs?

Lockheed L-1011 TriStar

Renton resigns post as PPS to Trade Secretary

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. TIM RENTON, who resigned yesterday as Parliamentary Private Secretary to Mr. John Biffen, the Trade Secretary, was one of more than 20 Tory MPs who deliberately abstained late last Tuesday night over the Government's plans to impose what they insisted was a retrospective tax on bank profits.

Some avoided getting into trouble with the whips because they were paired with Labour MPs, but some, like Mr. Renton, made no secret of their protest.

It was made clear to him afterwards by the Chief Whip that he could not expect to continue as a Ministerial aide if he was not prepared to support the Government on a major piece of business like the Budget.

Despite his close relationship with Mr. Biffen, Mr. Renton therefore had no alternative but to resign.

Mr. Renton, who was elected for Mid Sussex in 1974, has worked in the City all his working life. He was with Tennants for several years and then briefly with Vavasseur. He is now a director of Silver Mines.

Since coming to Westminster he has tended to specialise in financial and industrial questions and is a vice-president of the Conservative Trade Unionists.

In 1978 he was one of the leaders of the Tory protest against the Labour Government's plans to impose a retrospective tax as part of the Budget.

Because he argued so strongly against Labour's retrospective tax, he told the whips last week that it would be impossible to support a Tory Government when it, in its turn, tried to act retrospectively.

Since the vote took place in the early hours of the morning, Mr. Renton's abstention might not have got him into trouble but for the Prime Minister's new determination to enforce party discipline.

The bank tax has aroused more opposition on the Tory backbenches than practically any other measure this session.

Last Tuesday night, successive Tories argued against it with Sir William Clark, the chairman of the party's backbench finance committee, claiming it was a "sad day for the Tory Party" when it tried to introduce a tax which if the Labour Party had introduced would have been seriously opposed by the Tories

Mr. Renton, who became Mr. Biffen's Ministerial aide immediately after the election and worked with him at the Treasury, said yesterday in his letter of resignation that he had always opposed the introduction of a windfall tax on bank profits and that in his view the tax penalised success and was a "very unhappy example for a Conservative Government to accept."

Sacked Minister 'will fight any Navy cuts'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. KEITH SPEED, who was sacked by Mrs. Thatcher from his post as Navy Minister, told the Commons yesterday he will "fight right through to the bitter end" against any major cutback in the Navy.

"I was not elected by my constituents nor was I appointed by the Prime Minister to preside over any kind of major cutback in the surface fleet of the Royal Navy," he told a crowded House of Commons during the annual debate on the defence estimates.

There seemed to be a considerable body of support for him on the Conservative benches. There were cries of support for him and some of his colleagues sitting nearby came forward to congratulate him as he sat down.

Earlier, during questions to the Prime Minister, Mrs. Thatcher had underlined her displeasure at Mr. Speed's speech last Friday in which he criticised the prospects of heavy cuts in Naval strength as a result of the current public expenditure review.

She emphasised that the Government is still committed to increasing defence expenditure by 3 per cent a year but admitted that within the defence budget difficult choices would have to be made. Similarly, difficult choices would have to be made between the defence programme and other programmes.

A similar line was taken by Mr. John Nott, Defence Secretary, when he opened the debate on the estimates.

He stressed that cost effectiveness, not sentimentality, would be the criterion which governed the judgments on defence priorities. He also indicated that special interest groups lobbying inside the Ministry of Defence and the armed services would not divert him from this task.

The Defence Secretary strongly endorsed the decision to proceed with the Trident missile system which will succeed Polaris despite Opposition criticisms that it was the £5bn cost of Trident which was placing such a strain on the budget for conventional forces.

Mr. Nott denied reports that the Royal Navy would be reduced to a coastal defence role as a result of cuts. In fact he emphasised the "out of area" role which the Navy should have in places such as the Persian Gulf.

Speaking from below the gangway Mr. Speed said he stood by his speech on Friday and rejected arguments that he should have argued his case behind the scenes.

Emphasising the Navy's unique role in NATO, he said: "I must express profound unease that decisions could be taken which could have a damaging and lasting effect upon the surface fleet and its support." The argument for Britain's importance as a maritime power must in the end convince Mr. Nott and the Cabinet that to downgrade our fleet would not make sense in peace or war.

Mr. Speed agreed that Trident was essential for Britain's defence but made it clear that he felt too much of the financial burden arising from it was being placed on the Navy budget. Trident was part of the national strategic defence system and should therefore be funded in the same way as Polaris—at a national level and not at the expense of one single service.

He listed the growing might of the Soviet Union's fleet and said that by no stretch of the imagination could it be intended purely for defensive purposes.

He recalled that Britain had sent ships to help our friends in time of trouble. The great advantage of maritime power was that it could be high profile or low profile. Submarines could not be used like surface ships to patrol the Gulf of Oman or Hong Kong.

Mr. Speed advanced the case for concentrating on building economical vessels such as the type 23 frigates and converting tankers for use by anti-submarine helicopters.

Mr. Nott told the House that his main task was to see how Britain could maintain and enhance its front-line capability, despite remorselessly rising costs.

"No amount of special pleading from one part of our defence establishment or another will divert me from this," he added.

He had to take an overall defence view—not a single service view—when deciding how to carry out Britain's task within the alliance.

At no time had he proposed a cut in the already-published defence budget. Some of the accounts about possible cuts in the Navy were "pure invention."

But there had to be realism and fresh thinking about the resources likely to be available for defence.

"A decision must be made and it will be made not on the basis of sentiment but solely on a judgment of cost effectiveness. The country can no longer afford both to defend itself against enemies and to be sentimental along the way as well."

He was considering as one option the re-organisation of the Rhine army to make it more effective within Britain's treaty commitments. Britain's level of forces in Nato were subject to discussion and agreement with our allies. Any changes we made would be subject to these procedures.

Executive posts at Bowater

Mr. T. H. Wilding will become chairman of BOWATERS UNITED KINGDOM PAPER COMPANY on June 1 and Mr. P. S. Williams is to be chairman of BOWATER CONTAINERS from that date. Both will remain managing directors of their respective companies. The parent concern is Bowater Corporation.

★

Mr. David Perry has been appointed deputy managing director of JOHN WADDINGTON. He joins the company on June 15 from BPC.

★

Mr. Colin O'Neill has been appointed finance director of the BRITISH NATIONAL LIFE INSURANCE SOCIETY.

★

Mr. August A. Franck has been appointed chairman of OCEANIC FINANCE CORPORATION, replacing Mr. Ladislas Pathy, who has retired as chairman. Mr. Franck retired last year as chairman of Genstar.

★

Mr. John V. M. Gordon Clark has been appointed to the Board of MATTHEW CLARK AND SONS and Mr. Ray Barrett and Mr. Charles Maxwell have joined the Board of Finsbury Distillery Company. The parent concern is Matthew Clark and Sons (Holdings).

★

Mr. J. B. H. Ketteley will join REA BROTHERS as a managing director on June 1.

★

Mr. Rolf Wallgren has been appointed managing director of BROSTROM CARGO (UK) from August 1 to succeed Mr. Alan Rawlinson, who will take up a new position outside the group.

★

Mr. Anthony W. Fay has been appointed to the Board of CREST NICHOLSON as deputy chief executive, trading. Mr. Fay was chairman of the Don International Group and was previously a vice-president of Data 100 Corporation.

★

Mr. W. Norman Reading is to join the Board of the RAMSBURY BUILDING SOCIETY. He recently retired from Midland Bank.

★

Mr. David W. Jolly has been appointed managing director of BOFORS (GT. BRITAIN) COMPANY, a subsidiary of AB Bofors Sweden. He succeeds Mr. Karl D. Wilhelmson, who has retired.

★

The London branch of NEDERLANDSCHE MIDDENSTANDSBANK N.V. has opened for business at 2, Copthall Avenue, EC2, with Mr. J. J. Osten as general manager, Mr. J. M. A. Yntema is deputy general manager, Mr. S. Hinds operations manager and controller, and Mr. R. Somerville manager Forex and money market department.

OVERSEAS

Mr. C. P. Johnston has been elected president of the British branch of the NIGERIAN-BRITISH CHAMBER OF COMMERCE in place of Sir Peter Masefield. Mr. Johnston is a former chairman of Standard Bank in Nigeria and has been closely involved with the Nigerian-British Chamber since it was founded in 1977.

★

Mr. Terry Smith, managing director of Centre-file, the computer services subsidiary of NATIONAL WESTMINSTER BANK, has been elected chairman of EUROPOOL, a consortium of Europe's leading computer service bureaux.

Mr. Peter Toull has been appointed senior representative, National Westminster Bank, in the Netherlands, based at NatWest's associate, F van Lanschot Bankiers NV in 's-Hertogenbosch. He succeeds Mr. D. W. Vaile who is returning to the UK on completion of his tour of duty. Mr. Toull was manager of the Antwerp branch of NatWest's wholly-owned subsidiary, International Westminster Bank.

As a result of restructuring of its Bahrain operation, National Westminster Bank has appointed Mr. Ray Mitchell-Heggs as chief manager. Mr. John Bennett, the present manager, is returning to the UK on completion of his tour of duty. Mr. Ian Malcolm and Mr. Barry Davies have been made business development managers, new positions in NatWest Bahrain. All three were based in the City of London in Natwest's International Banking Division. Mr. Robin Bell, assistant manager in Bahrain Branch, has become manager.

★

Mr. G. H. Clarke, assistant general manager of LLOYDS BANK, is to become a joint general manager in succession to Mr. G. C. Evans, who retires on September 30. Mr. F. Foster, assistant general manager, is to be general manager of management services division on the retirement of Mr. J. A. Dunn at the end of November. Mr. N. Parker, assistant general manager will move to the position of a joint general manager to replace Mr. R. J. Medlam, who takes up new duties from July 1 to plan the formation of a corporate banking division.

★

Mr. William Dykes, executive director loan syndication of CITICORP INTERNATIONAL BANK, is to move from London this summer to Asia Pacific Capital Corporation, an affiliated company in Hong Kong, which covers the Pacific basin. Mr. Dykes, who will have responsibility for regional syndicated loan services, will remain a director of CIBL. Mr. Hans W. Ritz and Mr. David Pritchard have been promoted to executive directors of CIBL in London. Mr. Ritz replaces Mr. Dykes on the latter's departure. Mr. Pritchard is in charge of specialised finance in the corporate finance department. Mr. Guy Huet, managing director of Citicorp International Finance SA, Geneva, has joined the Board of CIBL.

Benn row brews over 'deliberate defiance'

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

ANOTHER ROW was brewing in the Shadow Cabinet yesterday over Mr. Tony Benn's refusal to keep to the convention of collective responsibility.

Mr. Benn, who only last week was reprimanded by Mr. Michael Foot, the Labour party leader, for speaking out of turn on Ireland, yesterday came out in support of an amendment to the Government's motion on defence which went considerably further than the Opposition's official amendment.

Some Shadow Cabinet members claimed his move was a deliberate act of defiance, and part of a bid to force Mr. Foot to sack him, and so give another boost to his campaign for the deputy leadership. Because of his concern not to allow him to add—in the words of one Shadow Cabinet member—"another campaign medal to his collection," Mr. Foot may be advised to studiously ignore Mr. Benn's latest move.

But other Shadow ministers were yesterday furious at what they saw as this deliberate breach of the rules.

Mr. Foot has not laid down any hard and fast rules about wether members of the Shadow Cabinet should sign motions. Mr. Benn would say that the Tribunite amendment which he signed, only stated party conference policy in that it spelt out the party's opposition to "any defence policy based on the use or threatened use of nuclear weapons including Trident and Cruise missiles."

Nevertheless, Mr. Foot is getting increasingly irritated by the way Mr. Benn is conducting his campaign for the deputy leadership.

Opponents of Mr. Benn on the Left of the party were yesterday still sounding out support for a third candidate for the deputy leadership. Mr. John Silkin, the Shadow Leader of the House, one of the unsuccessful candidates last autumn for the leadership, has given his supporters the go-ahead to find out how much support he would get if he were to stand against Mr. Healey and Mr. Benn.

Mr. Silkin's supporters are apparently putting considerable pressure on him to stand on the grounds that he could well pick up the crucial votes of the Transport and General Workers' Union.

But before finally throwing his hat into the ring Mr. Silkin would probably want some assurance that he could count on the support of the Transport union, and a substantial number of MPs.

Because of the uncertainty about Mr. Silkin's candidature other Left-wingers opposed to Mr. Benn were still putting pressure on Miss Joan Lester. There were signs that she would, like Mr. Eric Heffer, find it difficult to get the support of all members of her local party in a challenge to Mr. Benn.

Labour MP 'will quit if Benn wins'

By Elinor Goodman, Lobby Correspondent

MR. BOB MITCHELL, Labour MP for Southampton Itchen, told his local party that he will leave the Labour Party if Mr. Tony Benn becomes deputy leader this autumn, and that he does not want to be considered for re-selection.

Mr. Mitchell's attitude is shared by a number of Labour MPs on the Right of the Party who could be potential recruits for the Social Democrats. But this is the first time a Labour MP has spelt out his position in public.

Mr. Mitchell told constituents he intended to remain a member of the Labour Party — at least until the party conference when the deputy leadership issue will be decided for this year. He also said he had no intention at present of joining the Social Democrats.

But Mr. Mitchell could well be the first of a group of Labour MPs with Left-wing activists in their constituencies, who, either because they would not get re-selected or because they do not like the way the party is going, eventually apply to join the Social Democrats.

Mr. Mitchell said yesterday he was confident of re-selection by his local party despite activities of Left-wingers.

But the far Left will see Mr. Mitchell's decision not to stand again as a victory in their campaign to use re-selection to rid the Party of Right-wing MPs who refuse to stand by conference decisions.

Mr. Mitchell, who had a majority of 1,602 in a three cornered fight at the last election, said he had been considering his position for some months.

"It will be no secret that I have been increasingly concerned at the direction in which the annual conference and the National Executive Committee have been moving. I believe very strongly in representative democracy where the first loyalty of the elected MP or councillor should be to the electorate. The new constitutional rules adopted by the Labour Party are a threat to this principle."

He said he hoped the next party conference would reverse the decision over the new procedures for electing the leader and party leaders, but was not optimistic.

In the meantime, he said, he would continue to fight the policies of the present Government and to represent the electors of his constituency as he had done for the past 10 years.

Speed sacking focuses attention on Thatcher's decision making style

BY MARGARET VAN HATTEM, LOBBY STAFF

WHEN THE Prime Minister told the Commons yesterday that she had sacked Mr. Keith Speed, the Navy Minister, because "in this Government and in the departments we believe in working as a team," the howl of laughter which followed was not entirely confined to the Opposition benches.

The wry smiles and suppressed guffaws on the Government backbenches indicated more sympathy than Mrs. Thatcher is prepared to admit for the junior Defence Minister who dared to launch a pre emptive strike.

Whether his tactics were the best in the situation was a question energetically debated in the corridors of Westminster yesterday. But the alternative open to him—a quiet, dignified resignation once the decision he feared was presented to Cabinet as a fait accompli—was not in much doubt.

The sacking of Mr. Speed, a junior minister who while being widely liked does not carry much political weight, is causing a stir largely because it has focused attention on the fact that, more than any of her predecessors, the Prime Minister has diverted the decision making process away from Cabinet and into the more manageable sub-committees consisting of three or four senior Ministers.

The result is that an increasing number of Tory MPs in Government, as well as on the backbenches, feel excluded and resentful. Conversely the Prime Minister appears to be growing more remote and isolated from the "team" of which she speaks.

In speaking out against proposed cuts in the Navy's surface fleet at a constituency meeting last Friday, Mr. Speed claims he was perfectly in order, and that he said nothing contrary to Government policy.

However, as a former naval officer and lieutenant commander in the Royal Naval Reserve on the one hand, and on the other as a former Tory whip who spent three years in the research department at Conservative Central Office before being elected to Parliament, he was sufficiently plugged in both to the defence department and the party machine to know exactly what he was doing. That is to say, in speaking out publicly before decisions were taken, he ensured that the forces of opposition within the party could be engaged before it was too late.

He had, as Mrs. Thatcher told the Commons yesterday, chosen to take departmental battles outside the department and outside the Government. Wheher he had any alternative means of exerting effective pressure was not it seems relevant. What he did was to her unforgivable.

The resignation of Mr. Harold Miller from his post of Parliamentary Private Secretary to Mr. Francis Pym, the Leader of the House, coinciding with Mr. Speed's dismissal, drew more attention than it might otherwise have done for it is symptomatic of the same problem.

Mr. Miller, who holds the West Midlands seat of Bromsgrove and Redditch, chose to announce his resignation during the third reading of the Iron and Steel Bill, a subject close to the heart of the steel oriented industries, mainly the car industry, on which the economy of his constituency is based.

The post of Parliamentary Private Secretary is a minor one, seen mainly as a stepping stone to Ministerial office. Many PPSs share Mr. Miller's frustration at the limits imposed by the job—the curbs on speaking out, particularly in the present Government, with little compensating involvement in the decision making process.

The disappearance of these two MPs—and of Mr. Tim Renton—from the Government will probably not in the long term cause any big ripples. But they are an important warning to Mrs. Thatcher of the growing discontent in her team.

On the issue of defence cuts, a great deal more pressure may be needed before she makes major concessions. She has not forgotten or forgiven her defeat in the last round, mainly at the hands of Mr. Pym. By sacking Mr. Speed she has warned she is determined not to let it happen again.

But some backbenchers have great faith in her instinct for political survival and there is already talk of a Cabinet reshuffle before the summer recess in which, they say, she might be well advised to make a few conciliatory gestures.

Mr. Keith Speed (above) sacked by Mrs. Thatcher. Mr. Hal Miller (below) chose to resign

Call for end to road fund duty

By Ivor Owen

A NEW CALL for the abolition of the vehicle excise duty and its replacement by an increase in the tax on petrol was last night made by Mr. Robin Cook, a Labour spokesman on Treasury affairs.

He attacked the Budget decision to raise the cost of an annual road fund licence from £60 to £70.

Mr. Cook told the Common Standing Committee considering the Finance Bill: "This is a duty which ought to go. It is not a duty which ought to be going up."

He contrasted the Conservative Party's election claim of being in favour of reducing taxation and cutting administrative costs with the Government's decision, soon after taking office, to scrap the consultative processes initiated by its Labour predecessor as a preliminary to replacing the vehicle excise duty with an increase in the tax on petrol.

He claimed that with 14m motorists in Britain, large administrative savings would result from the abolition of vehicle excise duty. He calculated that the addition to the cost of petrol would still leave 60 per cent of motorists paying less tax than at present.

Mr. Cook said that with the introduction of the £70 road fund licence the vehicle excise duty would have increased by 40 per cent since the Government took office — even faster than the rate of inflation.

Ban on underwriting links sought

BY JOHN MOORE

LEGAL COUNSEL for two Lloyd's underwriting members want a clause requiring Lloyd's brokers to sell their shareholding links with underwriting management companies included in the Lloyd's Bill before Parliament.

The clause was submitted by Mr. Michael Mann QC, acting for Lloyd's members Mr. Nick Parker and Mr. John Burrows, to a House of Commons committee studying the Bill.

The clause could mean brokers will not be able to place insurance business in Lloyd's if they own any interest in an underwriting managing company after 1987.

Mr. Mann told the committee, under the chairmanship of Mr. Michael Meacher, MP (Lab., Oldham W) that the issue must be grapsed now.

Of Lloyd's consideration of the issue of divestment over 12 years, Mr. Mann said: "There is not a passage of correspondence which does this institution credit."

He had rejected an earlier compromise divestment clause prepared by Lloyd's as "quite unacceptable" and "hopelessly inadequate."

Mr. Peter Boydell, QC, for Lloyd's, said its compromise solution, although not making divestment obligatory, was "as far as we can go without extending the scope of the Bill."

Earlier in the proceedings Mr. Ian Posgate, a Lloyd's underwriter for syndicates of managing companies which form part of the Alexander Howden group, gave evidence on his own behalf.

He explained to the committee how abuses could take place if the links between underwriters and brokers were allowed to continue. He favoured divestment and said: "I am totally sure that unless divestment is implemented by Parliament it will not take place."

He told the committee the brokers were "implacably opposed to divestment. They have said to me they won't allow it to happen."

He said brokers had reminded him of the size of premium they give to his syndicates and told the committee a veto provision for overturning bye-laws had been "pushed strongly" by the brokers.

He could not see the necessity for an immunity provision, which protects Lloyd's officers against legal action. He said it would be quite possible to arrange insurance cover to arrange the necessary protection.

"I think that it is correct for a Lloyd's council in the future to seek insurance."

The committee adjourned until this afternoon.

State bus company debt to be examined

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE Government, in response to pressure from the National Bus Company to relieve the burden of interest on its £97.6m debt, yesterday offered to appoint consultants to examine how interest payments are shared among the 35 subsidiary bus companies.

The offer was made by Mr. Norman Fowler, Transport Secretary, at his first meeting with the joint management-union Bus Council in London.

The council was set up by Lord Shepherd, the chairman of NBC as a forum for discussions by both sides of issues facing the state-owned bus company.

NBC said after the meeting, "We welcome the suggestion from the Secretary of State, as we know that any objective inquiry must demonstrate the strength of our case."

The meeting was called specifically for the council to express concern about falling passenger volumes and the interest burden borne by NBC since it was set up in 1968.

Last year NBC paid a total of £17.2m interest, including £10m attributed directly to the £97.6m commencing capital debt.

Mr. Fowler, however, did not give way at all on the capital debt. He argued that other competitive bus companies also had debt interest to pay.

Liberals/SDP to hold by-election pact talks

BY ELINOR GOODMAN

THE LIBERALS and the Social Democrats yesterday agreed to get down to negotiating a by election pact shortly after Whitsun as a first step towards agreeing a national alliance on which to fiht the next General Election.

At the first formal joint meeting of the two parties to decide how to set up an alliance, it was also agreed that they should aim to produce "an agenda for co-operation" covering broad areas of policy agreement, in time for the Liberal Assembly in September.

Both sides agreed that their immediate priority must be to establish a procedure for deciding which party should contest the first by-election which comes up. Without such procedure, Mr. David Steel, the Liberal leader warned that the alliance could be burst open before it even got off the ground.

Since the formation of the Social Democrats two months ago, both parties have agreed that alliance was fundamental to their hopes of breaking the two-party system. But there has been anxiety in both camps about the loss of identity involved in too close co-operation.

To avoid the delicate question of who would lead the alliance, yesterday's negotiations took place at a round table. Both sides chose their words with great care afterwards and stressed that anything agreed during the negotiations would have to be cleared by their respective parties.

Social Democratic party and Liberal Party members got round the table at Westminster yesterday for their first discussions about a possible Parliamentary and political alliance

Both Mr. Steel and Mrs. Shirley Williams, who on this occasion represented the SDP's collective leadership, said they had made progress. Mrs. Williams said the Social Democrats were "absolutely at one on the importance of co-operation with the Liberals in a future election." She was hopeful that they would be able to conclude "heads of agreement" in time for Mr. Steel to put a working document to his conference.

The idea is that the two parties will begin private negotiations after Whitsun to establish the broad policy areas on which they agree. During these negotiations problems could well arise but the two sides claimed that while there would inevitably be teething problems there were wide areas of obvious agreement. Once these had been established, more detailed discussions on policy would begin.

The talks over a by-election pact will, however, provide the putative alliance with its first real test. It will be difficult to discuss arrangements for a by-election without getting down to such fundamental questions as whether the candidate should stand under a joint name or whether one party should agree to stand down for the other.

Today in Parliament

Commons — Conclusion of defence debate. Remaining stages of the Atomic Energy (Miscellaneous Provisions) Bill.

Lords—Debate on need for amending legislation to permit more flexible trading hours for shops. Debate on the need for consideration of future guidelines for East/West trade.

Select Committees — Education, Science and Arts. Subject: secondary school curriculum and examinations. Witnesses: MSC, Dept. of Employment, Dept. of Industry (Room 6, 10.30 am). Scottish Affairs. Subject: youth unemployment. Witnesses: Mr. F. Kirwan and Mr. N. Fraser, Fraser of Alander Institute, University of Strathclyde (Room 5, 10.30 am). Public Accounts. Subject: local autonomy of National Health Service authorities. Witnesses: Sir Patrick Nairne, DHSS; Sir William Tweddle, chairman of the Yorkshire Regional Health Authority; Mr. B. H. Bailey, chairman of the South West Regional Health Authority (Room 16, 4 pm). Transport. Subject: transportation in London. Witnesses: National Bus Company and London Country Bus Services (Room 17, 4.15 pm). Employment. Subject: homeworking; the Dept. of Employment group; the MSC's corporate plan 1981-85. Witnesses: Mr. James Prior, Employment Secretary (Room 15, 4.30 pm). Treasury and Civil Service. Subject: the form of the estimates. Witnesses: Treasury officials (Room 8, 4.45 pm).

Runcie to meet Irish leaders

DR. ROBERTR RUNCIE, Archbishop of Canterbury, will meet national and religious leaders of Northern Ireland and the Republic when he visits Ireland from June 2 to 5.

No move to protect Lords

THE GOVERNMENT has decided against legislation to protect the House of Lords, Lord Soames, leader of the House, told peers yesterday.

But he assured Tory backbencher Lord Alport—who recently introduced a private Bill aimed at holding a referendum amid reports that the Upper House would be scrapped by a future Labour administration—that the Government had been looking at the issue.

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TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Revenue $160m—but the lab must not show a profit

BY GEOFFREY CHARLISH

ANY ATTEMPT adequately to describe a laboratory where 1,000 contract research projects are in progress at any one time may well be doomed from the start.

SRI International at Menlo Park 20 miles south of San Francisco is just such a place. Some 2,000 scientists and engineers of almost every discipline divide their effort about equally between work for the military and for industry and commerce. The revenue is about $160m annually.

But no profits can be made. This is a result of the way in which the laboratories were set up after World War 2 as Stanford Research Institute—part of the university. They have been independent since 1971 and renamed SRI International — a reflection of the growing demand for their services outside the U.S. SRI has even advised the British Government on microprocessor technology and is used by the Saudi Arabian Government on a regular basis.

Diverse

Any excess of revenue over costs can be ploughed back into buildings, equipment and services and as a result the working environment at Menlo Park is of a high order.

The stuff of SRI is not just practical science and engineering. In-depth studies are also carried out in areas as diverse as air traffic control and mental stress in employment: there are now very few areas of technology that have not been examined at one time or another.

The completely novel approach is often taken. Recently, a team developed an eight foot wingspan remote pilotless vehicle (RPV) which according to SRI chemical engineer E. M. Liston will be flown through atmospheric chemical spill clouds to obtain samples for analysis. The relatively large "model" aircraft has 17 litres of space for detection/measurement modules, data from which can be telemetered back to "base"—a safe location remote from any spill or disaster. The same signals will allow the "pilot" to fly into pollution hot-spots and so trace the path of a plume.

Bulkier

Electronics, computing and communications form a major part of the work at Menlo Park. A telephone unit has been developed that can be used by deaf people and has become feasible by virtue of modern microelectronics and miniature printing devices. The users, in effect, send small telex messages to each other. Although the units transmit ASCII code, they also use Baudot (telex) code to allow some 40,000 existing bulkier machines to be addressed and saved from obsolescence.

As the radio transmission bands in the U.S. become rapidly more crowded the Federal Communications Commission (FCC) has felt an increasing need to discover quickly, in a particular geographical area, who is transmitting and at what frequencies. SRI has married computer to panoramic radio receiver and aerials in a van so that everything on the air between 2 MHz and 1000 MHz can be reviewed on a statistical basis in a matter of hours. Analysis of frequencies, time of transmission, duration and using two vans, locations of fixed transmitters, can all be printed out.

The eight-foot wingspan remote pilotless vehicle has 17 litres of space for detection/measurement modules.

In computers, SRI faces the same problems as many parts of industry and commerce—communication between different makes of machine at different locations.

There are about 100 computers at Menlo Park and at SRI's other locations throughout the world. Software teams now have systems available that allow these resources to be shared over communications lines. As a result of this internal project the Institute is in a position to offer consultancy in this field.

Other teams have assembled data on over 500 cases of computer abuse worldwide, advising both the U.S. Government and private industry about new ways to combat the problem.

Energy is, naturally enough, a priority topic at the laboratories and a major, widely respected study has been conducted resulting in a computer model of world energy trade to the year 2000. Specific guidance in this area has also been provided to one of the oil producing states.

Alternative energy sources are kept constantly under review and fundamental materials work is on hand for example, to cut the cost of photovoltaic cells for direct electrical generation from the sun's rays.

A particularly interesting approach is to develop ways of extracting cheap polycrystalline materials from waste such as sewage. These are specific silicon-fluorine compounds which, although their conversion efficiently is low could nevertheless be used directly—and cost effectively—as the roofing material in new houses.

Cheap windmill blades for wind energy generators are another SRI interest. A team is about to announce the successful use of glass reinforced concrete to make the blades themselves—a lightweight and low cost alternative to metal that will resist the weather just as well.

These are a mere handful of the projects in hand. Mineral resources assessment, airborne computer integrity, new developments in plastic laser engraved identity cards are just a few others about which future reports are planned for this page.

POINTERS

Refrigerator

TWO ADVANCED low-temperature research systems have been delivered to major laboratories in the U.S. and Britain by Oxford Instruments, Osney Mead, Oxford (0865 41456). One of them is a continuously-operating helium-3 refrigerator installed at the Oak Ridge National Laboratory, Tennessee, for its high-flux isotope reactor. The refrigerator will be used in neutron diffraction experiments at temperatures down to 0.4K.

The design is claimed to be such that at a later date the simple adidtion of a dilution unit will convert the helium-3 cryostat to a complete dilution refrigerator.

Radio system

INTRODUCED INTO the UK from Denmark by Tele-Nova of London SE4 (01-692 9816) is the Tele-Niros 707 private mobile radio system, unusual in that it allows mobile hand-held units to communicate without the need for a central base station.

Working in the UHF band the system uses transmitter outputs of 1.0 or 2.5 watts and the high sensitivity of the receivers results in good speech reception even under adverse conditions, the company claims.

Control system

MACHINE tool manufacturers are being offered a new computer numerical control system by Westinghouse Electric of Bury Mead Road, Hitchin, Herts (0462 55321). The company says the control system is as suitable for simple two-axis applications as it is for the most complex machining centre.

This latest CNC unit from Westinghouse is called the "Producer" and the company claims that programming has been so simplified that, in many cases, the final shape of the component is the only information needed.

Screech-meter for silent UK roads

THE ALARMING screech of car, bus and lorry brakes could become as historic as the clip-clop of a cart-horse's hooves as the result of research and development collaboration between UMIST (University of Manchester Institute of Science and Technology) and Ferodo, Britain's best-known manufacturer of brake linings.

Working to a research brief from Ferodo, Mr. Yong Kok Sim, a UMIST post-graduate student, has designed and built a "screech meter" which the company is now using in its test house at Chapel-en-le-Frith, Stockport, to guide its chemists in the formulation of new and improved lining materials.

Brake screech is caused by high-intensity vibrations set up in a disc-brake or drum-brake when the driver presses the pedal, creating vibrational forces which can be as great as 10 times the force of gravity.

The reduction of vibration by the use of improved linings will either obviate the cause of screech or cause it to move outside the range of normal human hearing. (Dogs and cats may still be able to hear it, but that could be a good thing.)

The difficult brief that Ferodo gave to UMIST was to design a meter which could give a digital readout of vibration frequencies and equivalent sound levels; perform accurately over a 3½-hour test cycle of 200 simulated braking stop; withstand friction-generated temperatures of more than 400 degrees C; require the minimum of controls; and be cheap enough to produce in quantity to equip all the rigs in the company's testing house.

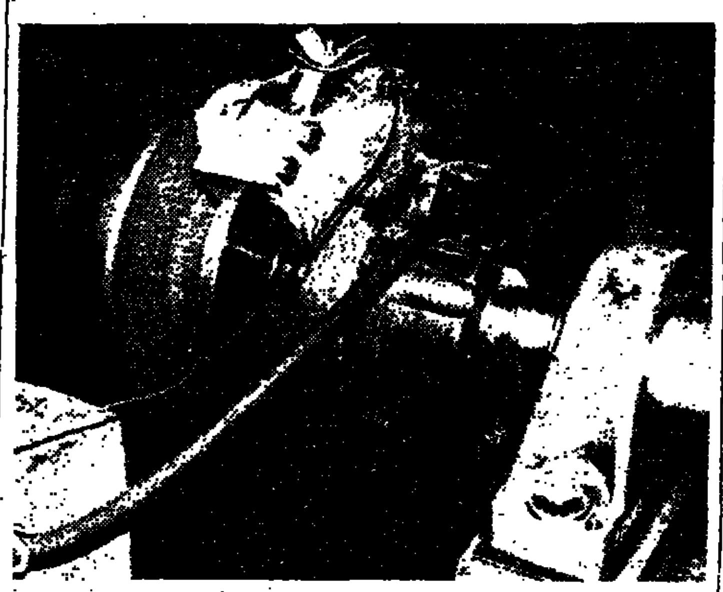
Mr. Sim and his supervisor, Dr. Rosemary Taylor of the Metrology Group in UMIST electrical engineering department, worked out a solution based on the use of a piezo-electric accelerometer which, with suitable amplification, converts the vibration into a voltage signal.

Sim then designed special filters to convert this signal to the equivalent sound level and integrate it over the period of each brake application into a single number representing the screech level and its duration as heard by an average human ear. An LED can give a digital readout for each braking application and a cumulative figure over the entire test cycle.

Damping

One problem among many was designing a means of clamping the tiny piezoelectric transducer to the small exposed area of a brake pad under test. The fixture had to be firm enough to avoid introducing its own vibration and thus falsifying the readings, while its mass had to be small enough to have no damping effect.

Another problem was to prevent the sensitive little transducer being destroyed by the intense friction-generated heat. A brake pad may become red hot during severe applications. A solution was found in using cooling fins and heat-insulating barriers in the brake clamping system aided by forced-draught air cooling.



The Ferodo/UMIST designed "squeal meter" shown during the development of disc brake pad material.

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Holes for chips

Silicon chips, delicate morsels that they are, are packaged to serve in the real world in tiny black plastic boxes with metal legs beneath. The trade calls them "beetlebacks"; the legs are the connection between the input and output on the chip and the printed circuit board (pcb) on which the chip is mounted.

Beetlebacks may have 40 or more legs—and for each leg a hole has to be drilled very precisely in the pcb. Vero Advanced Products developed machines to drill those holes which won it the Queen's Award this year.

Beetlebacks are, of course, simply the most pronounced example of the fact that most electronic components are mounted in holes in pcbs.

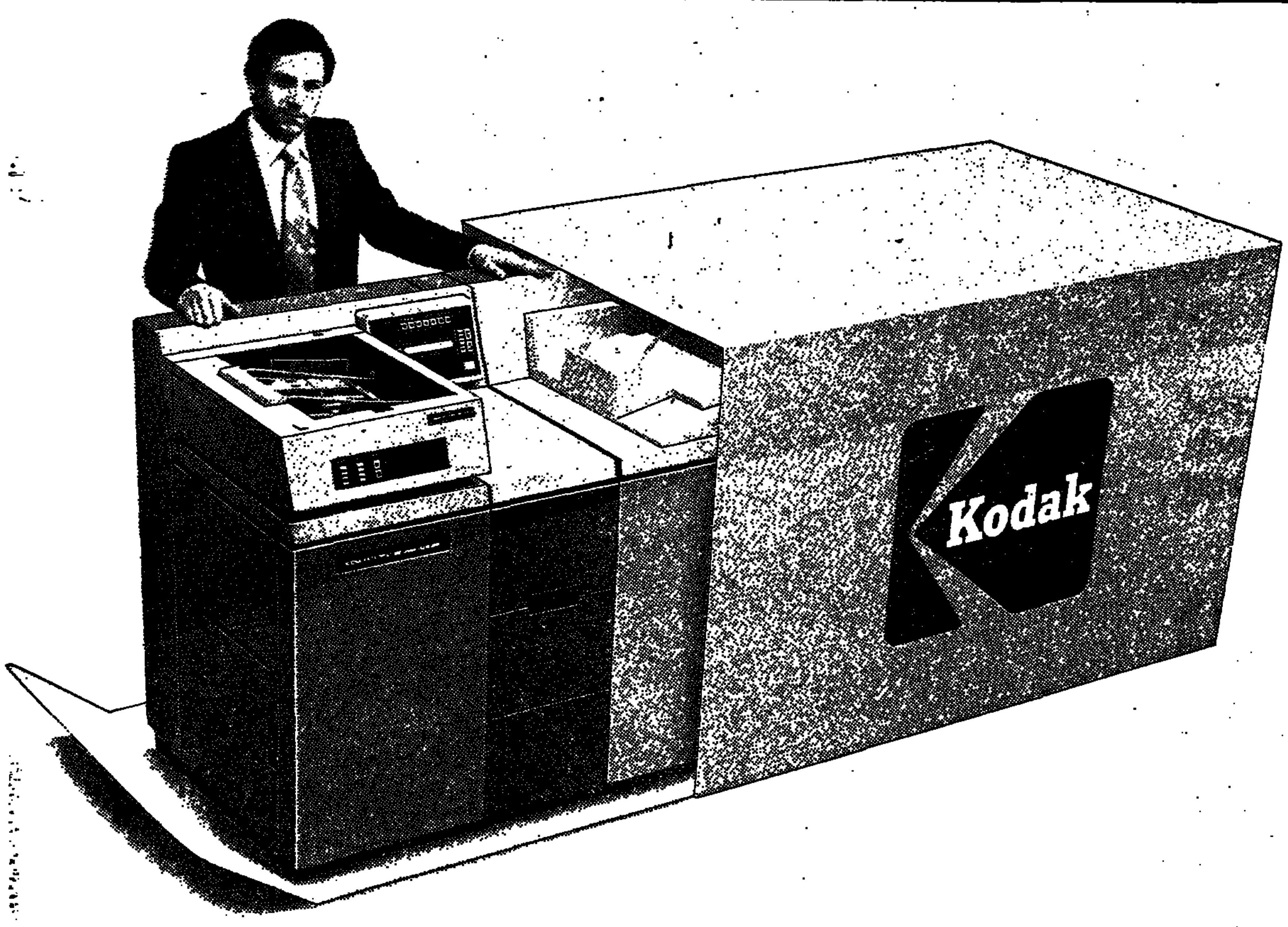
It was a market that Vero dominated—until in the early 1970s it spent too much time and effort on a massive Soviet export order and the Americans took over the UK market.

Now, according to general manager Ron Hartley, Vero has pulled back the ground it lost and holds 60 per cent of the UK market for machines that drill and profile pcbs.

Mr. Hartley says that the biggest machine in the range, the Olympic, can drill, under computer control, 200 holes a minute to an accuracy of about 25 millionth of a metre. Each Olympic machine can have up to eight spindles and drills three-stacked pcbs at once, a total of 4,800 holes a minute.

Mr. Hartley believes the range of machines, from the small Prospect through the DR 1500s to the big Olympics are as good as anything the U.S. produces: "Our mechanical parts are far superior, although the U.S. might be slightly ahead on software."

What Vero has done well is to develop a single spindle machine which can be used to prepare computer tapes for its bigger multi-spindled brothers. Vero is on 0703 771061.



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Interim dividend in respect of the half year ended 31st March, 1981, of US$ 59.118 (first series) and US$ 43.570 (second series) net per IDR is payable on or after 8th May, 1981, upon presentation of coupon No. 11 (first series) and No. 6 (second series) at the offices of Morgan Guaranty Trust Company of New York in:

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Amsterdam,
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AUCTIONS

PUBLIC NOTICES

DEPARTMENT OF TRANSPORT TOWN AND COUNTRY PLANNING ACT 1971

The Secretary of State for Transport hereby gives notice that he proposes, subject to the granting of planning permission for the development hereinafter referred to, to make an Order under S.209 of the above Act to authorise the stopping up of a length of John Carpenter Street, London, EC4, to enable development consisting of an extension of the City of London School to be carried out by the City of London.

During 28 days from the 20 May 1981 copies of the draft order and relevant plan may be inspected at all reasonable hours at the Guildhall, London EC2P 2EJ, and may be obtained free of charge from the Department of Transport (quoting GLRT 38/5002/7/023) at the address stated below.

Within the above-mentioned period of 28 days, any person may by notice to the Secretary of State (Ref: GLRT 38/5002/7/023), Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE, object to the making of the Order.

J. K. A. BENNETT
A Senior Executive Officer
Greater London Roads & Traffic Division
Department of Transport

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

On the horns of a chemical dilemma

Sue Cameron ponders Nypro UK's problem of what to do with a new, but already redundant, plant

POTENTIAL BARGAIN: high technology, 65,000 tonnes a year chemical plant: up to date model, superb safety standards; hardly used—and only one careful operator; cost £35m when new two years ago, fully detached on a site in Flixborough, close to Scunthorpe. Present owners unwilling to part with it—but any reasonable suggestions considered. Apply Nypro UK.

The question of what to do with a huge new plant that has suddenly ceased to be economically viable is not one which often arises in the chemical industry. But it is facing Nypro UK now. And ironically the plant in question is Flixborough—rebuilt after the disastrous explosion of 1974 in which 28 people lost their lives.

Nypro UK—a company that is jointly owned by the UK's National Coal Board and the Dutch-based DSM—reopened the Flixborough plant in the latter half of 1979. The plant has the capacity to produce 65,000 tonnes a year of caprolactam—the raw material used to make nylon yarn.

But now a tragedy of a different sort has visited Flixborough. The plant had only two major customers—British Enkalon, part of the Dutch-based Akzo group, and the UK-based Courtaulds. It has already lost one of them and it seems set to lose the other as well.

In February, Courtaulds announced that it was pulling out of the nylon textile yarn business with the loss of 1,900 jobs in England and Wales. The news came only weeks after British Enkalon warned that its nylon yarn operation at Antrim in Northern Ireland was likely to fold.

The nylon yarn closures are not just casualties of the recession. Sections of the nylon market itself—once seen as a major field for expansion—started to collapse long before the economic downturn began to bite. Consumers simply did not like the texture and the sweatiness of nylon shirts and sheets.

There is a slight hope that British Enkalon's plant at Antrim may be given enough Government assistance to enable it to survive. A final decision from the Northern Ireland Office is expected this month. But the 280 employees at the Flixborough plant have already been told to stand by for "a decision on closure plans."

Those working on closure plans for Flixborough will have the added—and novel—headache of deciding what to do with *the plant itself*.

Chemical plants—unlike many factories—cannot simply be emptied of equipment and leased off to a new tenant. Most eventually become outdated and have to be shut down permanently—although there is now a trend continually to modify and renew big plants so that they evolve with the times. In the last year the rate of chemical plant closures has been stepped up because of the recession. But some of these plants have only been shut down temporarily while those that have been closed for good have been elderly pieces of ironmongery, long overdue for dismantling.

What makes Flixborough different is its newness—to say nothing of its history. The Nypro UK management has a number of options:

- Selling the plant;
- Taking it down and moving it to a new site in a country where there is a demand for caprolactam;
- Converting the plant so that it produces a chemical people want to buy;
- Leaving it to rust and rot—a gaunt memorial to the 28 men who died on that summer day in 1974;
- Mothballing it in the hope that it could be sold or reopened in a few years' time;
- Dismantling it and selling off the parts to the highest bidder

Move to new site

Some of these options are non-starters in practical terms. It is highly unlikely that anyone will be interested in buying the plant because a new owner would have as much trouble in *finding customers for* caprolactam as Nypro.

The chances of successfully moving it to a new site are equally slim. It is technically feasible to dismantle a plant and ship the pieces overseas where the entire unit can be reconstructed. But it is a costly and difficult exercise which only becomes feasible if somebody is prepared to offer an extremely good price for the plant in question.

Which takes us back to square one because potential foreign buyers of second-hand caprolactam plants are about as thick on the ground as umbrellas in the Sahara. Nor would there be any advantage in Nypro's shifting the plant abroad for its own use because it would almost certainly face the same lack of demand.

There is also the fact that Nypro already has a second caprolactam unit in Holland. If the Flixborough plant is closed, it is expected that the company will supply what is left of the European market from the Dutch site.

Nypro has already looked at the possibility of converting Flixborough to produce a more saleable chemical than caprolactam—only to find itself up against another dead end. The cost of conversion would be prohibitive—greater than building a new plant on a green field site.

The most defeatist move would be to walk away and leave it. But this would mean that Nypro would salvage nothing at all from its £35m investment. There is also a strong likelihood that the plant would quickly degenerate to the point where it became dangerous. With Flixborough's history, that is one possibility that is unthinkable—even if the authorities were to permit it.

A much more realistic course would be to mothball the Flixborough plant. Essentially this amounts to a long-term maintenance job. It involves thorough cleaning to ensure that no potentially corrosive chemicals are left in the unit, the covering of any open pipes to keep out the rain and the *removal* of any delicate machinery for storage in a safe, dry place.

Plants are sometimes pumped full of inert nitrogen gas—again to prevent corrosion as well as to maintain pressure in empty vessels and piping.

If a plant is to be out of commission for a long time, it will be necessary for operators to come in and run some of the machinery from time to time—otherwise equipment that is left idle for months on end may start to bend or break under its own weight. More obvious routine tasks such as painting also have to be carried out at regular intervals.

Industry experts say the initial cost of mothballing a plant the size of Flixborough could be anything up to £3m. And as much as £100,000 a year could be needed on top of that for further maintenance work.

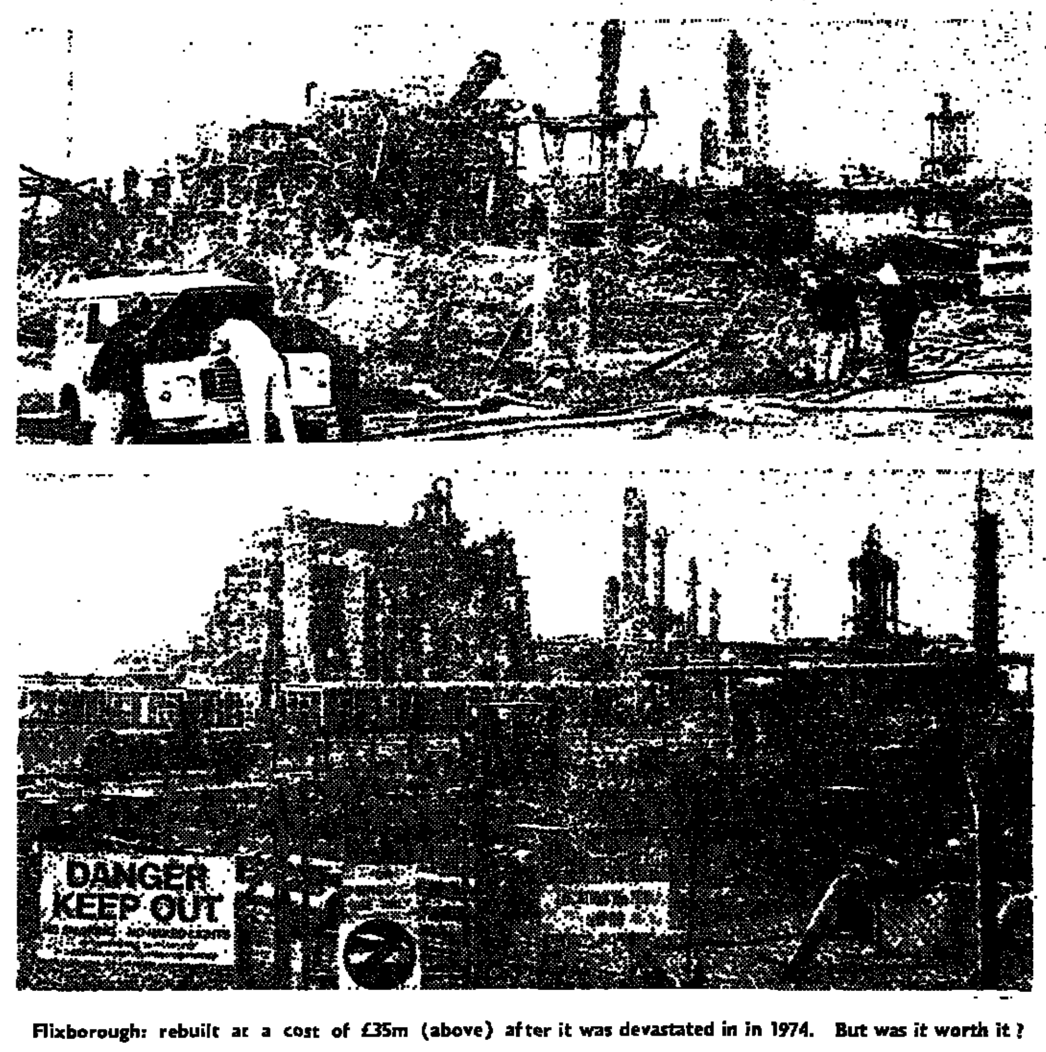
It would be a hefty sum for Nypro to pay out—especially when it is remembered that Flixborough itself has been operating only one day a week since last October.

It is possible that in a few years' time a new end use might be found for caprolactam. It is also possible that new end uses might be found for nylon textile yarns or that the market for either product might pick up dramatically of its own accord. Such an eventuality would justify putting the Flixborough plant into cold storage now.

But moth-balling would be an *optimist's gamble. It could* prove to be a pointless drain on Nypro's finances.

The company could perhaps decide that the most prudent move would be to dismantle the plant altogether and sell off the dismembered parts to the highest bidder. It is not a profitable option but chemical industry experts say a company can break even on such a deal "if it is lucky." There is a market for used chemical plant equipment although sellers rarely realise more than 5 per cent—occasionally 10 per cent—*of the original cost. And* the piping and machinery that nobody wants can always be sold for scrap.

But perhaps Nypro UK will manage to avoid sending its caprolactam plant to an unquiet grave in some scrapyard. For Flixborough, of all Britain's chemical plants, it would be a terrible and untimely end.



Flixborough: rebuilt at a cost of £35m (above) after it was devastated in in 1974. But was it worth it?

Design: why are there no glittering prizes?

BY CHRISTOPHER LORENZ

THE BRITISH design world was shaken yesterday when, for the first time ever, none of the Design Council's annual awards went to a maker of textiles, glass or other decorative products.

Two-thirds of the 21 awards, presented in London by the Duke of Edinburgh, went to what the council calls engineering-based products and components, with the other seven being scooped by consumer durables.

Coming from an organisation which is still largely associated in the public mind with its promotion of "pretty products," whose sales depend predominantly on their appearance, the dearth of awards for decorative products is remarkable. If the Design Council is an objective judge of the quality of design, *then the situation can only* represent a market threat to Britain's billion-pound industry in such goods.

Decline

But does it really reflect a decline in the quality of UK textiles, glassware, jewellery, *toys and ceramics—not to speak* of furniture and cutlery which, though not classed by the council as "decorative," won no awards for the second year running?

Or has the council's growing emphasis—in all its other work—on the importance of engineering design, distorted its judgment, thereby devaluing the significance of Britain's premier design awards at a time when the importance of non-price factors, such as design, is being recognised as never before? Sadly, for the makers of decorative products, the answer does not appear to be the parochial one—that the council has lost its balance.

Its director, Keith Grant, recognises that the number of high-quality engineering submissions for the awards may have been stimulated in the last few years by his organisation's hard-won but growing reputation for authority in the field of engineering design. But he denies emphatically that this has been paralleled by a lessening of interest in decorative products, or by a fall in the number of submissions in this category. The annual rate of around 70 achieved in the last two years is much higher than in the mid-1970s.

Grant also denies that the slump in awards for decorative products can be attributed to a change in the sort of people who are selected to judge the competition, or in their criteria. For the third year running, he finds the outcome "surprising and disappointing," so much so that a committee of experts is being appointed to examine the causes of this rather embarrassing situation.

On the other hand, the Council does appear to be getting tougher in its judging of engineering-based products and components. Though the total number of annual submissions has nearly doubled in the past five years, the number of awards given annually has remained virtually static in most years, at just over 20.

Delighted

This year, it is down to 14, but industry will be delighted at the range of the awards, which take in a crop-sprayer, a pneumatic road-drill, an oil-rig crane, the Austin Metro, the Ford Escort, and Lucas CAV's money-spinning diesel fuel injector.

Among the consumer product awards are a vending machine, a Dunlop carbon-fibre tennis racket, several yachting devices, and an aluminium roller-skate chassis.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Remedies for shareholders

I am a minority shareholder in a company with substantial asset backing. The company is in default as follows:— 1—No accounts have been sent to shareholders during the past six years. 2—No annual general meetings have been held for six years. 3—No annual returns have been submitted for the last two years. (Annual returns relating to the previous four years have been made up to December 31 with a qualification "No annual general meeting held in ...") I believe this calls into question the validity of any actions taken by the "directors" subsequent to the date of their normal retirement and also the validity of any payments made to the "auditors" in respect of any work carried out by them during any period that their appointment was invalid. What remedy or alternative courses of action are available to me to resolve this matter?

You would be wise to consult a solicitor. A number of courses are open to you—to call a general meeting, to petition under Section 75 of the Companies Act 1980, to seek to wind up the company, to seek a court declaration as to the invalidity of acts of the directors, and so on: and the appropriate course will depend on a careful assessment of all the factors.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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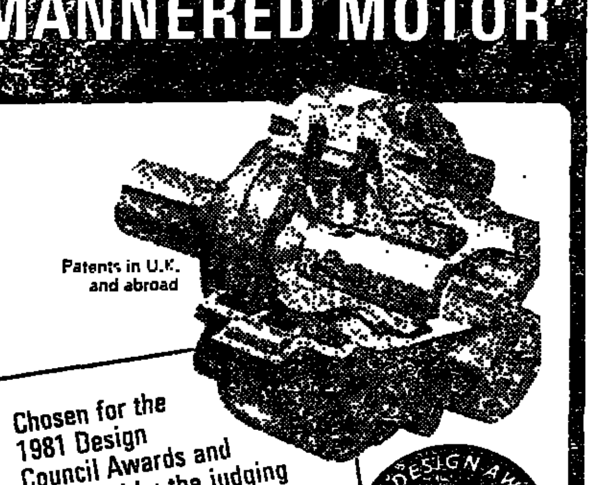

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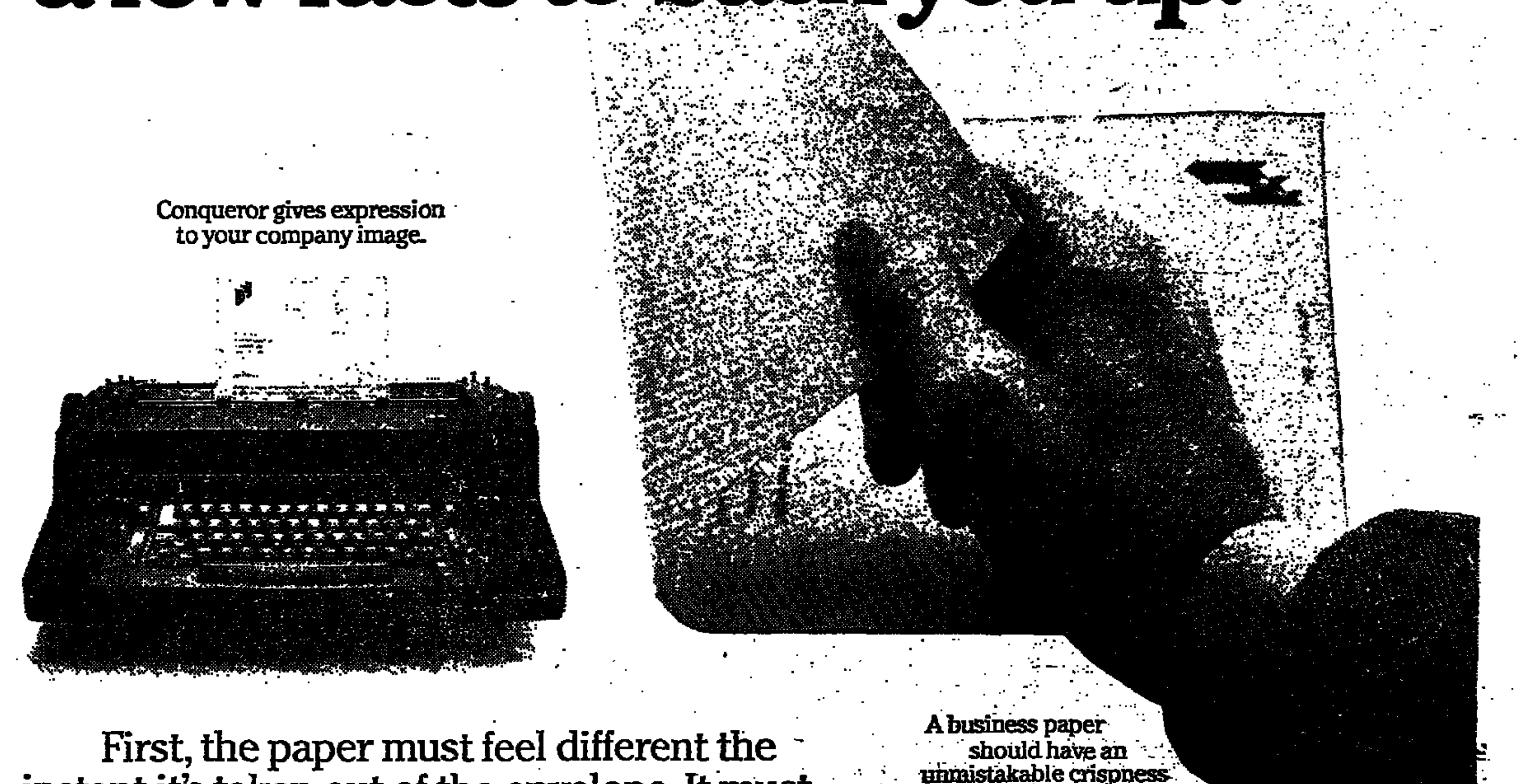

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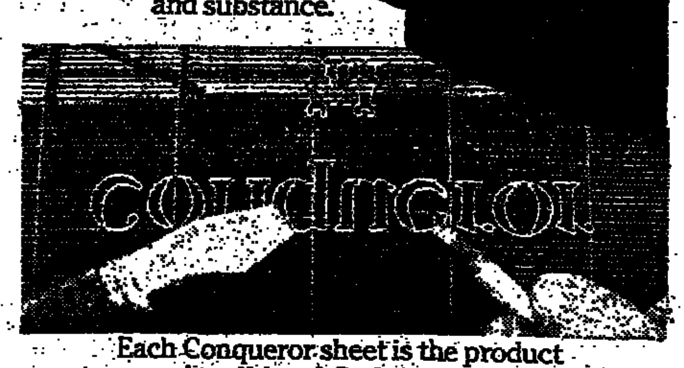

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Belfast twenty years on

BY WALTER ELLIS

TWENTY YEARS ago, when I was growing up in Belfast, the IRA appeared more of a joke than a menace. Its campaign in the border region with the Republic had fizzled out for lack of support, and the Royal Ulster Constabulary had proved itself more than a match for the rag-tag of gunmen attacking it head-on in its barracks. At that time, too, new jobs were being created—textiles, we were told, would ensure our future for ever — and modern housing estates were growing up on hillsides and on the grassy edges of the city.

Today, the squalor of much of west and north Belfast, in particular, cannot be over-stated. Slums in the city are possibly the worst in Europe, and have provoked gasps of disbelief in recent weeks from visiting newsmen. Whole streets of tiny 19th-century terrace dwellings are strewn with rubble. Half the homes in a lot of streets are deserted, their windows sealed with breeze blocks. Graffiti is on every wall, many of the shops have long since ceased to trade, and mongrel dogs scavenge among the refuse of the gutters.

The Northern Ireland Housing Executive argues that much of the seemingly wretched condition of Belfast is caused by redevelopment of the worst areas. Nevertheless, the people of such homes—Protestant as well as Roman Catholic—have endured the most terrible deprivation during the quickening process of change. The troubles, allied to acute economic depression have meant that the awfulness of their environment has not been tackled with the resources necessary for the job.

Handicapped

The executive, set up in 1971 to replace the old, loyalist-controlled housing authorities, has striven solidly against the odds and has probably done as much as could be expected of it. But it is severely strapped for cash and is handicapped, in addition, by the refusal of entire communities to move out of the districts in which they were born or to which they fled during the sectarian clashes of 1969-72.

The shift of population in Belfast during the early 70s was one of the greatest enforced migrations in Western Europe since the years immediately following the Second World War. It has meant that the religious and political integrity of the ghettos is now total, with high walls and fences separating the two communities. This barrier, erected by the Army, comprises the Peace Line and is the physical expression of a social calamity unparalleled elsewhere in the EEC. In Europe, only Cyprus—another isolated island—has known similar upheaval.

Who knows what Mrs. Thatcher has in mind for Northern Ireland after her talks in Dublin last December with Mr. Charles Haughey, the Irish Premier? The only certainty is that it cannot please Roman Catholics and Protestants alike. But, whether it is Irish unity or power sharing, the one essential ingredient must be increased spending on the homes and job prospects of working people.

Intolerance

Many of the newer housing estates in Belfast, Londonderry, Armagh and elsewhere are adequate. Some are even models of their kind. In addition, the middle classes—preponderantly Protestant but with a substantial Roman Catholic element—live well and continue to observe the troubles, for the most part, from the safe end of a television screen.

These, however, are not the ones in need. Perhaps one quarter of the population of Greater Belfast lead lives so grim that the victims can only be classified as honorary citizens of the Third World.

The violence of the last 12 years and the obvious, festering intolerance Roman Catholics and Protestants display towards each other make it difficult for people in mainland Britain to feel much sympathy for the Irish. The annual transfer of some £1bn over and above the revenue raised from taxation in Ulster cannot ease the process.

But it was Britain which, however long ago, set the stage for the present conflict, and it is Britain, in collaboration with the Republic and the EEC, which must continue to help the people of Northern Ireland to help themselves. Winning the war—whatever that is taken to mean—is not enough.

Restoring radio's community role

IT DOES NOT take much to bring a generation raised on *Brains Trust, Monday Night at Eight, Itma* and *In Town Tonight* to the defence of the Reithian traditions of British radio broadcasting. So when the BBC says that it is considering the final abandonment of Reithian programme scheduling there is bound to be a fuss.

However, it is a decade now since the BBC first broke with Reith as far as radio was concerned with the setting up of the present four channel generic system. The last remnant of the concept of general programming is Radio Four, unless, of course, one includes World Service.

Now, in its consideration of what is to be the form of its radio services to the end of the century, the BBC is giving serious consideration to the dismemberment of Radio Four and, as part of the plans, the reorganisation of Radio Three and local broadcasting.

When the prospect of these changes was raised a few months ago there was a brief flurry of interest, and even protest. The Corporation produced a substantial document which had been prepared by an internal working party. It stressed the fact that the document was no more than a discussion paper and called for comment both from BBC staff and from the public before settling down to a deeper examination of the practicalities of change and indeed of its necessity. The deadline it gave for such comment was May 30. We have only one more week-end to compose our thoughts.

The formula for British radio in the nineties most favoured by the working party, and since then given discreet support by the BBC establishment, is for the setting up of five channels. These would be for pop/rock; middle of the road (MOR) music; arts and music (Radio Three plus much of Radio Four's drama and arts); public affairs (news and magazine); and a fifth channel which would combine local radio with some of Radio Four's present material such as comedy and light entertainment.

Various pressures have sent the BBC, or more accurately its internal Working Party, along this path. At the heart of it all is, however, a basic determination that the Corporation should provide a full range of radio services for its listeners—and notably that includes the vexed question of local radio—and that at the same time its total audience should not be reduced to such a level that BBC's radio activities should themselves be brought into question.

This concern for the future is not just fanciful. Over much of the radio system the audience is ageing. While the average age of the audience for Radio One is 25, the average for the rest of the services is nearer 50. In socio-economic terms the BBC's own research shows it to be missing a large section of its potential market. BBC Radio's heartlands are drawn from the older, better off who are also likely to live in the south. "Internal competition between different BBC services is intensified by the extent to which several BBC Radio services appeal disproportionately to the middle or older age groups in the middle class," says the report.

It is tempting to read that and answer: So what? One does not expect Pol Roget or Rolls-Royce to start popularising their products just because the market segment to which they appeal is well off and beyond the first flush of youth. The BBC's reply is that its Charter does not urge it to be a Rolls-Royce, but instead to provide a service for the whole community. "We owe all our licence payers a duty, and not just some of them."

To argue that this is not so, particularly as Britain now has a growing number of commercial radio stations and TV services are burgeoning, is to remove the basic plank of the BBC's existence. If today you suggest that the BBC should be the preserver of that which is good in radio, allowing others to provide what is popular, and profitable, then tomorrow you may be applying the same argument to television. Once BBC services come to serve a minority what chance would the Corporation stand in any future licence debates? That is the real fear of the BBC.

THE FUTURE OF THE BBC

BY ARTHUR SANDLES

Its public relations dilemma is made worse by the fact that its largest audiences are for Radio's One and Two while its most articulate critics are drawn from the tiny (200,000 on a good night) audience of Radio Three and the larger but declining numbers who tune to Radio Four.

Probably the least contentious aspect of the BBC's proposals is the decision that the Corporation should move entirely to a VHF (FM) system. Although this may seem something of a blow, its announcement coming so soon after the move of Radio Four to Long Wave, in fact the switch is inevitable. With its relative short range VHF is much more flexible and much less subject to interference than the other frequencies. The only doubt is whether the Corporation can win the frequencies it wants via British Government delegates at the international conferences in 1982 and 1983 which will be allocating frequencies.

That leaves us back at the central debating grounds—the future of Radios Three and Four and of the BBC's role in local and regional broadcasting.

Some clue to thinking within the BBC can be gleaned from the Working Party report. For example it gives considerable praise to Radio Three but expresses some reservations. It says: "Daytime serious music broadcasting was conceived as a broadbased service. This expectation, it is fair to say, has not altogether been fulfilled, largely for structural reasons." It is felt that there is a doubtless laudable determination by those in Radio Three power to avoid its music becoming simply up-market Muzak. "The result, however, it a tone and style that, we believe, deter thousands of music lovers from listening in.

The view appears to be that the Radio Three audience is so small as to be less than "minority" and tending towards the specialist. While specialist programmes are justified specialist channels may not be.

Radio Four would be dismembered in order to bolster Radio Three with some of its arts material and to contribute its more popular light entertainment and comedy to the regional and local radio system, which would be considerably extended. The remaining mainly news and current affairs channel would continue with such programmes as *Any Questions*, Parliamentary reports, sport and documentaries.

Most of the arguments offered in favour of this seem to point to the support it would give to the hard-pressed BBC local radio system. "The advantages of Option 4 (the one most favoured by the Working Party) include: an increased relevance in the Local Home Service across the UK; quality Network programmes would enhance local and regional services; the elimination of duplication of output across transmitters; escalating costs in local and national regional radio would be contained.

We are therefore returned to the question of the overall BBC radio role. The Corporation feels a need to sustain its local radio services and to protect itself against a decline in total audiences, or at least of its share of the national radio audience. Listeners have until the end of the month to say whether they feel either the motives or the conclusions to be the right ones.

Although the Financial Times welcomes letters on the subject, comments for the BBC itself should be addressed to the Managing Director Radio, BBC, Broadcasting House, London W1A 1AA.

Robin Lane Fox is indisposed.

Clear Verdict raises questions

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, whose record tally of eight English Derby victories is unlikely to be surpassed, should know by this evening whether he will be on Clear Verdict or Glint Of Gold at Epsom next month.

I suspect that Henry Cecil will not saddle Clear Verdict on June 3 unless his Warren Place colt manages to beat some second-rate opponents in today's Predominate Stakes at Goodwood.

Neither Cecil nor Piggott know a great deal about Clear Verdict. He shows little at home and his two recent runs have added to the uncertainty over his true ability.

A promising second on his seasonal debut behind Kalaglow in Newmarket's Heath Stakes, Clear Verdict then ran a contrastingly deplorable race in Lingfield's Ladbroke Derby Trial for which he was odds-on.

The winner of that race is not among the 10 contesting today's listed prize but the 1½ lengths runner-up—Sheer Grit—goes to post. Well-fancied by his always optimistic handler Clive Brittain, Sheer Grit could prove difficult to peg back if driven into an early lead by Willie Carson.

However, in an open race backers may be best served by Clear Verdict, who has at least shown high-class form on one occasion.

Only five fillies have been declared for the Schroder Stakes but this juvenile event (formerly the Cucumber Stakes) ought to provide a fine spectacle for it has drawn together Petite Realm and The Minstrel's highly rated débutante Quest.

There is a good deal of confidence again behind the dual-winner Petite Realm but he will be hard-pressed to concede 10 lbs to the $200,000 yearling purchase Quest.

Sharp Celeste, a useful daughter of Sharpen Up, will be ideally suited by the prevailing ground conditions. She looks a sound bet to account for her three opponents in the Court Hill Handicap.

GOODWOOD
2.00—Child's Hope
2.30—Quest**
3.00—Queen's Equerry
3.30—Clear Verdict*
4.00—Close Concorde
4.30—Sharp Celeste***

RIPON
6.30—Martintide
7.20—Piping Queen

TV/Radio

BBC 1

†Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.00 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.05 pm For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 Bagpuss. 2.01-3.00 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 The Enchanted Castle. 5.00 John Craven's Newsround. 5.10 Wildtrack. 5.35 The Amazing Adventures of Morph.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 The Wonderful World Of Disney.
7.40 Terry and June.
8.10 Barry Norman on Broadway.
9.00 News.
9.25 The Risk Business.
10.00 Sportsnight.
11.10 Paperbacks with Robert Kee.
11.45-11.50 News Headlines.

All Regions as BBC 1 except as follows:

Cymru/Wales—2.18-2.38 pm I Ysgolion: Hyn O Fyd. 5.55-6.20 Wales Today. 6.55 Tom and Jerry. 7.10 Heddiw. 7.40-8.10 Cwlwm Sî. 11.45 News Headlines News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
2.15 pm Racing From Goodwood.
4.50 Open University.
6.55 Take The Mike.
7.25 Mid-Evening News.
7.40 Did You See . . ?
8.15 Chelsea Flower Show.
9.00 Rhoda.
9.25 Private Schulz.
10.20 Personal Pleasures with Sir Hugh Casson.
10.45 Newsnight.
11.30 The Pursuit of Power: Robert McKenzie talks to the Rt. Hon. Tony Benn, MP.

LONDON

9.30 am Schools Programmes. 2.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Big Shamus, Little Shamus. 3.45 Play It Again. 4.15 Aubrey. 4.20 How. 4.45 Into The Labyrinth. 5.15 Mr and Mrs.

5.45 News.
6.00 Thames News.
6.25 Help.
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 "The Count of Monte-Christo," starring Richard Chamberlain, Tony Curtis and Trevor Howard.
10.00 News.
10.30 The Thynne Inheritance.
11.30 Mannix.
12.25 am Close: Sit Up And Listen with Baroness Airey of Abingdon.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 Then Came Bronson. 6.00 About Anglia. 11.30 Quincy. 12.25 am The Big Question: the team discuss whether it is still reasonable to expect people to stay married until death.

ATV

1.20 pm ATV News. 2.45 It's A Musical World: Tony Hatch and Jackie Trent with guest David Gates. 5.15 Square One. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 S.W.A.T.

BORDER

1.20 pm Border News. 2.45 Fantasy Island. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and weather. 2.45 It's a Musical World (Gemma Craven). 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel Late News. 11.30 News and weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Love Boat. 5.15 Diff'rent Strokes. 6.00 North Tonight. 11.30 North Headlines. 11.35 Seachd Laithean.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Fantasy Island. 5.15 Square One. 6.00 Granada Reports. 6.25 This Is Your Right. 11.30 Rockstage.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 "Benny and Barney." 4.45 Bailey's Bird. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Into the Labyrinth. 10.28 HTV News Headlines. 11.30 Mannix.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Zipping Along. 4.45-5.15 Straeon y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News and road and weather. 2.45 It's a Musical World—Vince Hill. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Report. 11.30 Late Call. 11.35 Seachd Laithean.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Cricket: Hampshire v The Australians. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East area only). 11.30 That's Hollywood.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Young Ramsay. 3.15 Life Begins at Forty. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.35 North East News. 11.30 Mind Over Matter. 12.00 Exile in Ecstasy.

ULSTER

1.20 pm Lunchtime. 2.45 It's a Musical World: Joining Tony Hatch and Jackie Trent is Vince Hill. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening, Ulster. 10.28 Ulster weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 It's a Musical World: Gemma Craven. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 11.30 Faith for Life. 11.35 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 It's a Musical World. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Mind Over Matter.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2: 5.00 am With Radio 2. 7.00 pm David Symonds with Much More Music (S). (continued from Medium Wave). 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm The Ed Stewart Show with Family Favourites (S). 4.00 David Hamilton (S). 6.00 David Symonds with Much More Music (S). 7.00 International Soccer Special: England v Wales and AZ67-Alkmaar v Ipswich in the EUFA Cup second leg. 9.30 Among Your Souvenirs (S) (joins vhf). 9.55 Sports Desk. 10.00 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracey (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Villa-Lobos. 10.00 Mary Plumstead song recital (S). 10.30 Debussy and Maxwell Davies string quartet recital (S). 11.10 Cziffra piano recital (S). 11.55 British Music (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Britten: Suite for harp, Op.83 (S). 3.05 Mayumi Fujikawa and Michael Roll violin and piano recital (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 London Symphony Orchestra concert, part 1: Barber, Copland (S). 7.30 Six Continents. 7.50 Concert, part 2: Orff (S). 9.05 Scientifically Speaking. 9.35 English Music for Viola (S). 10.00 Georg Phillip Telemann (S). 11.00 News. 11.05-11.15 Piano Nocturne (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.35 am and for students in Scotland, Wales and Northern Ireland only: 12.35-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week: Russell Harty's People. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 The Buckingham Palace Connection by Ted Willis (S). 12.55 Weather: Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Letter from Wessex by Christopher Serpell. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: Programme News. 6.00 News including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Singing the Fishing: A radio ballad by Ewan MacColl and Charles Parker. 8.45 Analysis: What Price? What Defence? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkein (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game. Cricket. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

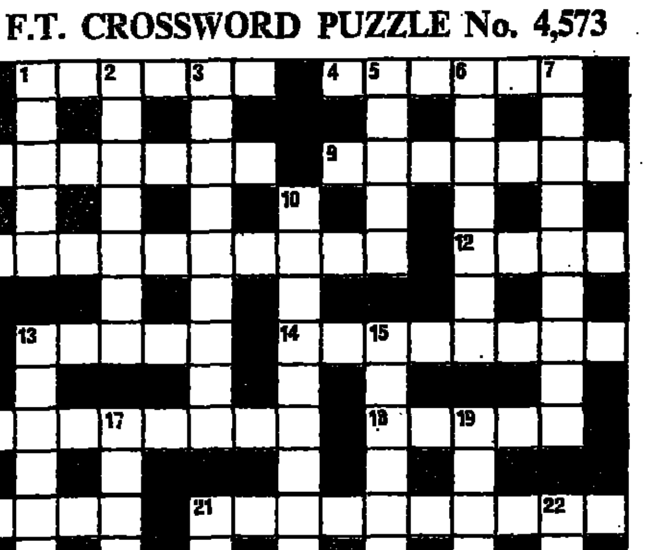
London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (cont.). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sachs's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,573



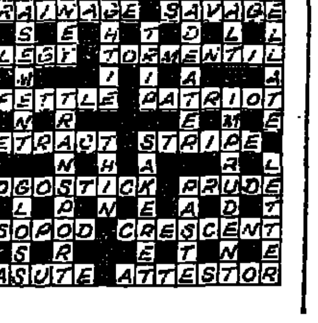
ACROSS

1 Express gratitude in smart surroundings for an alkali (6)
4 The man of the week (8)
8 In the finish the suit was shut up (7)
9 It keeps things steady when political party turns to the conclusion (7)
11 "— is a plant of slow growth in an aged bosom" (Pitt) (10)
12 The general appearance of people about one (4)
13 The Yard returns thanks for authoritative statements (5)
14 Strong stuff keeps the pages together (8)
16 As Caesar might have said word for word (8)
18 There is nothing in immorality to give expression to (5)
20 No one is returning—it must be a sign (4)
21 Give out Diana's expression of approbation (10)
23 Pasta makes one give way in a narrow road (7)
24 A friend about 50 gives you an iced drink (7)
25 Doctor at the turn of the year is dismal (6)
26 Do not despair—Teddy's out of bed (4, 2)

DOWN

1 God for entertainment (5)
2 Craft if upset causes a major problem in London (7)
3 "Come, pensive Nun, devout and pure, sober, —, and demure" (Milton) (9)
5 He wrote The Cloister and the Hearth (5)
6 Cover up girl in a quandary (7)
7 Severe, yet not quite the same last night (9)
10 A good shot with the majority can penetrate no farther (9)
13 A sleeper is essential for visiting this place (9)
15 This fish we have alone with port (5, 4)
17 Fillet on time for the blindfold (7)
19 Knowledge or drink — he takes it all in (7)
21 Fellow or benefactor (5)
22 After tea we meet the Regius Professor—a nasty piece of work (5)

Solution to Puzzle No. 4,572



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight 7.30: BARBER OF SEVILLE. Tomor. Sat & Tues 8.00: SALOME. Fri 7.30: ANNA KARENINA. 104 balcony seats avail on day.

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903.) 65 amphi-seats avail for all perfs from 10 am on the day of perf. THE ROYAL BALLET. Ton't & Sat at 7.30 The Dream, Hamlet, Monotones II, The Concert. Tomor & Tues at 7.30 Romeo & Juliet. Fri & Mon at 7.30 Sat at 2.00 The Firebird, Scènes de Ballet, The Rite of Spring.

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THEATRES

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ALBERY. 01-836 3878. CC bkgs. 379 6565. Grp. bkgs. 836 3962 or 379 6061. Evs. 8.00. Thurs. Mat. 3.0. Stalls from £2.90. Sat 5.00 and 8.15. Sian Phillips Denis Lawson (Most Promising New Actor DRAMA AWARD 1980) Rodgers and Hart's musical PAL JOEY.

ALDWYCH. S 836 6404. CC 379 6233. (10-6, Sats 10-4). Info 836 5332. ROYAL SHAKESPEARE COMPANY NICHOLAS NICKLEBY. Today Part 1 2.00, Part 2 7.00. Few day seats & returns avail. But seats avail for Beaumont's KNIGHT OF THE BURNING PESTLE (next perf Thu 28). Prestel 22023. Group Sales 379 6061. RSC also at The Warehouse/Piccadilly.

ARTS THEATRE. 01-836 2132. Bold, Brash & Bawdy. Mr. George Binmore's CELEBRATED MUSIC HALL. Tues-Thurs 8. Fri & Sat 6.15 & 8.45. Tkts £2.50.

AMBASSADORS. S. CC. 836 1171. Evs. 8.00. Tues. Mat. 3.0. Sat. 5.30 and 8.30. RECORD BREAKING RUN of J. B. PRIESTLEY'S Mystery Play DANGEROUS CORNER. Acclaimed revival of Priestley's most popular play. Seat prices from £3.00.

APOLLO, Shaftesbury Av. CC. S. 437 2663. Evenings 8.15. Fri & Sat 6 & 8.45. DIANE LANGTON, BEN CROSS I'M GETTING MY ACT TOGETHER AND TAKING IT ON THE ROAD. Students, OAPs, Women's Groups, half price. Best mat seats available at £4.00. ENDS MAY 30.

APOLLO, Shaftesbury Ave. CC 437 2663. OPENS JUNE 10 at 7.00 FOR 3 WEEKS ONLY. CLIVE JAMES, PAMELA STEPHENSON, RUSSELL DAVIS in CHARLES CHARMING'S CHALLENGES. An epic with 1,000 voices. RED. PRICES PREVIEW JUNE 9 at 8.00.

CAMBRIDGE. Earlham St., WC2. 01-836 6056-836 7040. Credit Card bkgs 839 4682, 839 7516, 839 4855, 836 7040 (9.30-6.00, Sat. 9.30-5.30). Group bookings only 839 3092. WELCOME BACK FOR A LIMITED SEASON, THE EVER POPULAR AFRICAN MUSICAL IPI-TOMBI. Evenings 8.0. Fri. & Sat. 6.0 & 8.45. Prices from £2.50-£6.50.

CHICHESTER Festival Theatre. 0243 781312. Season sponsored by Martini & Rossi Ltd. FEASTING WITH PANTHERS. Today, Tomor. Sat (E) THE CHERRY ORCHARD Fri. Sat (M). Evgs. at 7.0. Fri. & Sat. 7.30. Mats Thurs & Sat. 2.30.

COMEDY THEATRE. S. CC. 01-930 3578. Last Week. Evenings 7.15. Mats. Tomor 2.00 (note early start). The National Theatre smash-hit production from the Cottesloe of ARTHUR MILLER'S THE CRUCIBLE. Directed by Bill Bryden.

COMEDY THEATRE. S. CC. 01-930 2578. BOX OFFICE OPEN. The Award Winning Musical Hit BILLY BISHOP GOES TO WAR. Previewing from May 29th. OPENS JUNE 3rd at 7.00.

CRITERION. S. 930 3216. CC 379 6565. Grp. bkgs. 379 6061 or 836 3962. Eves. 8; Sat. 6 and 8.45. MARTIN CONNOR, DAVID DELVE, TRICIA GEORGE, PETER REEVES deliver the songs and words of TOM LEHRER with huge polish and glee in TOMFOOLERY a satiric musical revue. RUN ENDS 30 MAY.

DRURY LANE. Theatre Royal. Tel. 836 8108. THE BEST LITTLE WHOREHOUSE IN TEXAS. Evgs. Mon. to Thur. 8.0. Fri. and Sat. 5.30 and 8.30. Group sales Box Office 379 6061.

DUCHESS. CC. 01-836 8243. Evenings 8.00. Mats. Wed. 3.00. Sats. 5.30 and 8.30. FRANCIS MATTHEWS, GEORGE SEWELL and LYNETTE DAVIES in THE BUSINESS OF MURDER.

DUKE OF YORKS. S. 836 5122. Credit Cards 379 6565. 836 9837. 839 4682. Group bookings 836 3962. 379 6061. Evgs. 8.0. Sat. 3.0 and 8.30. Stalls and Circle from £2.90. FRANCES DE LA TOUR ACTRESS OF THE YEAR Swet awards '80. BEST ACTRESS New Standard Drama Awards '80. BEST PERFORMANCE BY AN ACTRESS 1980 Drama Awards and DAVID DE KEYSER BEST SUPPORTING ACTOR Drama Awards of the Year 1980 in TOM KEMPINSKI'S DUET FOR ONE.

FORTUNE. S. CC. 01-836 2238. Evenings at 8.15. Matinees Wed. 3.0. Sats. 5.0. ROY DOTRICE in MISTER LINCOLN. Final Week, ends Sat.

GARRICK. S. CC Box Off. tel: 836 4601. MIKE LEIGH'S SMASH HIT GOOSE PIMPLES. MON.-SAT. 8.00 PM. SAT. MAT. 3.00 PM. Group sales 379 6061.

GREENWICH THEATRE. S. CC 858 7755. Evenings 8. Mats. Sat. 2.30. ROY HUDD and BILLY DAINTY in [illegible] AND CHORUS. A Musical [illegible]

HAYMARKET THEATRE [illegible] 9832. DEBORAH KERR [illegible] MICHAEL [illegible] in OVERHEARD by PETER USTINOV [illegible] 8.00 pm. Mats. Wed [illegible] 4.30.

KING'S HEAD. 226 1916. Dnr. 7, Show 8. HANK WILLIAMS—THE SHOW HE NEVER GAVE.

LYRIC. S. CC. 01-437 3686. Evgs. 8.00. Wed. 3.00. Sat. 5.00 & 8.30. DINSDALE LANDEN [illegible] IN ALAN AYCKBOURN'S TAKING STEPS. Last 3 Weeks. [illegible]

LYRIC HAMMERSMITH. [illegible] Must End 30 May! [illegible] Mat 2.30. Sats 4.30 [illegible] ECLIPSE by Carlston [illegible] David Hare. Cast incl [illegible] as Verlaine. Hilton McRae [illegible] From 4 June HAVE [illegible] Alan Bleasdale. Dir: [illegible] Julie Walters. LYRIC STUDIO: From [illegible] (Mon 7.0): BRITANNIA [illegible]

MAY FAIR. 629 3036 (nr. Green Pk. Underground). Limited Season QUENTIN CRISP. Evgs. 8.

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage) [illegible] THE LIFE OF GALILEO by Brecht trans by Howard Brenton. LYTTELTON (proscenium stage) [illegible] 3.00 (low price mat) [illegible] FOR MEASURE by Shakespeare. [illegible] 7.45 The Caretaker. COTTESLOE (small auditorium [illegible] Tomor 7.30 SERJEANT MUSGRAVE'S DANCE by John Arden. Excellent cheap seats [illegible] of perf. all 3 theatres [illegible] mins before start. Car park [illegible] 928 2033. Credit card [illegible] NT also at the COMEDY THEATRE.

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OPEN AIR REGENTS PARK. CC. S. 01-486 2431. COMEDY OF ERRORS previews from 28th May. MUCH ADO ABOUT NOTHING joins repertory 16th June. ANDROCLES AND THE LION from 8th July. BOOK NOW!

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Evgs. 7.30. Mats. Wed. and Sat. 3.00. Group bokings 01-379 6061. Better selection of seats available Mon.-Thurs.

LONDON PALLADIUM. 01-437 7373. OPENING JUNE 11. Reduced prices previews from May 29. MICHAEL CRAWFORD in the Broadway Musical BARNUM. ADVANCE SALES OPEN NOW! Use the Barnum Hotlines 01-437 2055. 01-734 8961 for instant credit card reservations.

PICCADILLY. S. 437 4506. CC 379 6565. Group bkgs. 01-379 6061. 836 3962. Mon.-Fri. 8. Mats. Wed. 3. Sats. 6 and 8.40. Stalls from £2.90. ROYAL SHAKESPEARE CO. in Willy Russell's new comedy EDUCATING RITA. Comedy of the Year SWET Award 1980. RSC also Aldwych, Warehouse.

PRINCE EDWARD. S. CC Box Office 437 6877. CC Hotline 439 8499. Group sales 379 6061. Evgs. 8.00. Mats. Thurs. (Economy Price) and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd Webber. Directed by Harold Prince.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. PAUL DANIELS in IT'S MAGIC. Mon.-Thurs. 8.00. Fri. and Sat. 6.00 and 8.45. Closed for holidays today, tomorrow & Thurs. Re-opens Friday 22. Extra Mats. Tomorrow at 3.00. Group Sales Box Office 379 6061.

QUEEN'S. S. CC. 01-734 1166. 01-439 3849. 01-439 4031. PENELOPE KEITH, Peter JEFFREY, Barbara FERRIS in MOVING. A new play by Stanley Price. Directed by Robert Chetwyn. Evgs. 8.00. Mats. Wed. 3.00. Sat. 5.00 and 8.15. Group sales 01-379 6061. LAST 9 WEEKS.

RAYMOND REVUEBAR. CC 01-734 1593. At 7.00, 9.00 and 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts, New Girls, New Thrills. 23rd sensational year. Fully air-conditioned.

ROYAL COURT. S. CC. 730 1745. THE SEAGULL. Chekhov's comedy in a new version by THOMAS KILROY. Evgs. 8. Mat. Sat. 4.15. Mon. & Mat. Sat. all seats £2. Until June 6.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. I CAN GIVE YOU A GOOD TIME by Gully Fraser. Evgs. 7.30. "Remarkable," D. Tel.

SAVOY. S. 01-836 8888. For Credit Card Bookings Ring 839 4855-4682-7516. 9.30-6.00, Sat. 9.30-4.30. Evgs. 8.0. Mats. Thurs. 3.00. Sats. 6.00 & 8.45. SUSAN HAMPSHIRE, GERALD HARPER in FRANCIS DURBRIDGE'S New Thriller HOUSE GUEST with PHILIP STONE.

SHAFTESBURY. CC. Shaftesbury Ave., WC2. Box Office 836 6596 or 836 4255. Credit card bkgs. 839 7516, 839 4682, 839 4855 (9.30-6.0, Sats. 9.30-4.30). Group bookings only 01-839 3092. TOM CONTI and GEMMA CRAVEN THEY'RE PLAYING OUR SONG. Prices Stalls, Royal Circle £8.00, £6.50, £5.00. Circle £3.50, £2.50. OAPs £4.00 (Wed. Mats. only bes. seats. Students standby £4.00). Evgs. 8.0. Matinees Wed. 3.0. Sats. 5.0 and 8.30.

ST. MARTIN'S. CC. 836 1443. Evgs. 8.0. Tuesday 2.45. Saturday 5.0 and 8.0. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year.

STRAND. 01-836 2660. 836 4143. Evenings 8.0. Mats. Thurs. 3.0. Sats. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis. Group sales Box Office 379 6061. No Matinee June 4.

VAUDEVILLE. S. CC. 01-836 9988. Evenings 7.45. Matinees Wed. 2.45. Sats. 4.00. DONALD SINDEN, Dinah Sheridan, Gwen Watford, Polly Adams in PRESENT LAUGHTER by Noel Coward. Group sales Box Office 01-379 6061.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Wed. and Sat. 2.45. Group sales 01-379 6061. ANNIE.

WAREHOUSE Donmar Theatre, Earlham Street, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't. Tomor 7.30 OUTSKIRTS by Hanif Kureishi. All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

WHITEHALL. Box Office Tel. 930 6692-7765. Credit Card 839 6975. Whitehall's Latest Farce ANYONE FOR DENIS? by JOHN WELLS directed by DICK CLEMENT. Mon.-Sat. Evgs. 8.15. Sat. Mat. 5.0.

WINDMILL. CC. 01-437 6312. Twice nightly Mon-Sat 7.0 and 9.0 pm. Sun. 6.0 and 8.0 pm. Paul Raymond presents RIP OFF! Hotter than ever for 1981. The erotic experience of the modern era. 5th great year.

WYNDHAM'S. S. 01-836 3028. Credit card bkgs. 379 6565. Mon-Fri. 8. Sats. 6 & 8.15. Belt & Braces in Dario Fo's ACCIDENTAL DEATH OF AN ANARCHIST.

CINEMAS

CLASSIC ENTERTAINMENT
Teledata: 01-200 0200

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: THE HOWLING (X). Progs. 12.40 (not Sun.), 3.05, 5.30, 8.10. 2: Screen closed to general public today. 3: SUPERMAN II (A) in Dolby Stereo. Progs. 12.20 (not Sun.), 2.40, 5.25, 8.20.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully air-conditioned. 1: THE HOWLING (X). Progs. 1.30, 3.45, 6.05, 8.25. 2: THE FUNHOUSE (X) in Dolby Stereo. MY BLOODY VALENTINE (X). Progs. 12.40, 4.05, 7.30. 3: THE LONG GOOD FRIDAY (X). Progs. 1.30, 3.50, 6.10, 8.30. 4: ORDINARY PEOPLE (AA). Progs. 12.50, 3.20, 5.50, 8.25. 5: AIRPLANE (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC, Leicester Square. 01-930 6915. THE HOWLING (X). 1.30 (not Sun.), 3.10, 5.55. SEVEN (X). Sun. & Wk. 3.15, 7.00.

CURZON, Curzon Street, W1. 499 3737. 5th GREAT MONTH! BURT LANCASTER, SUSAN SARANDON in LOUIS MALLE'S ATLANTIC CITY (AA). Film 2.00 (inc. Sun.), 4.05, 6.20 and 8.40.

ODEON HAYMARKET (930 2738-2771). CHARIOTS OF FIRE (A). Sep. progs. dly. 2.25, 5.50, 8.55.

ODEON LEICESTER SQUARE (930 6111). THE POSTMAN ALWAYS RINGS TWICE (X). Sep. progs. drs. open Sun-Sat 1.00, 4.15, 7.30. All seats bookable in advance at Theatre Box Office or by post.

ODEON MARBLE ARCH W2 (723 2011-2). IT'S MY TURN (AA). Sep. progs. Drs. open 2.00, 4.45, 7.30.

PRINCE CHARLES, Leic. Sq. 437 8181. British Premiere Presentation CALIGULA (X). Sep. perfs. dly. inc. Sun. 2.15, 5.30, 8.45. Late show Fri. Sat. 11.55. Seats bkble. Lic'd bar.

STUDIO 4, Oxford Circus. 437 3300. Lic'd bar. SUPERMAN II (A). Sep. perfs. dly. 2.15, 5.15, 8.15. Late show Fri. & Sat. 11.15. Seats bkble.

ART GALLERIES

BROWSE & DARBY. 19, Cork St. PHILIP SUTTON paintings.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. 20th Century Works on view. Mon.-Fri. 10-5.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

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BLOND FINE ART, 33, Sackville St., W1. 437 1230. TIMOTHY HYMAN/ANTHONY GROSS. Until 6 June.

HOLFORD GALLERY, 34, Tavistock St., Covent Garden, WC2. 836 3511. Prints Published by Vollard, Dufy, Picasso—etc. Tues.-Fri. 10-6, Mon. & Sat. 12-6.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W8. 937 5883. MARK WINER. Until 5 June.

MARLBOROUGH, 6, Albemarle St., W1. IRVING PENN 60 photographs in platinum-metals: Images 1947-1975. Until 19 June.

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THE ARTS

Television

Six of the best—almost

by CHRIS DUNKLEY

Traditionally the television networks have saved much of their best material for a big annual push in the autumn, assuming I suppose that with summer holidays over and the nights drawing in this is the best time to maximise audiences. But now things seem to be changing, though whether deliberately it is hard to say. After a rather lacklustre autumn (only *Oppenheimer*, *Shock of the New* and *Strangeways* are memorable) the networks seem unusually generous this spring. Not all the new material is good, naturally, but there does appear to be an abnormally large quantity.

There are, for instance, six new drama serials currently on offer, two from each network, and all written for television. Best of the bunch, and one of the best I have seen in 10 years viewing, is BBC2's *Private Schulz*. Since the late Jack Pulman managed to create a smash hit for television out of a book as unpredictable as *I, Claudius* I suppose one should not be surprised now to find that his last work was a wartime comedy exploring some of the more barmy exploits of Hitler's SS, yet it does come as something of a shock.

He has taken little knots of established fact, so far the top people's bordello, Salon Kitty, run by the SS as a listening post, and the plan to flood England with white fivers—and embroidered around them in increasingly loopy and brilliant detail.

Produced by Philip Hinchliffe and directed by Robert Chetwyn, the work is wonderfully served by Michael Elphick as the fly-boy petty crook of the title who thinks he has found an easy number in postal censorship only to end Episode 2 parachuting into England dressed in plus fours and bowler with instructions to spend £2m. Now watch Part 3 tonight.

Elphick's CO, Major Neuheim, is played by Ian Richardson as the obverse of the same cowardly coin: elegant, sycophantic (after a chat with Hitler the Major too crooks his pinkie when drinking tea) supercilious and thick. Billie Whitelaw, as one of the main attactions of Salon Kitty, struts her stuff in black lingerie and flings her arms round the Professor Economist's neck solely to scribble down the advice, "3% govt. bonds @ 87¼," behind his head.

It is wittily original, managing in one fell swoop to put all those stereotyped Huns of the last 30 years' television in their rightful place without, miraculously, excusing for one moment Nazi excesses. It is hilariously funny: the Major believes his own propaganda, Nazi salutes cause perpetual space problems, and the lines have a wit and polish which is dreadfully rare on television.

Yet the import is not flippant. Though the fiver forgers dressed in striped prison pyjamas and peering through chain-link fencing caused not giggles but shudders of recognition, the intention was clearly to use Auschwitz as counterpoint, not as a joke. The triumph of *Private Schulz* is that it shows the monsters of the Third Reich for what they were—human.

The subject of BBC2's other offering, *Maybury*, is almost as unexpected: mental illness. There have of course been plenty of single plays on the subject (Mercer's *In Two Minds* was excellent) but *Maybury* clearly has a didactic and crusading purpose regarding psychiatry and mental hospitals. Thus as a drama series it is deeply suspect, yet the first episode, illustrating a student breakdown, worked impressively well. It will stand or fall on its *quality as drama*, and any propaganda value will depend on that too; we shall see.

Both BBC1's serials are more conventional. *Nightmare Man* is a standard Hammer Film type about a nasty thing in the woodshed. The scene is a Scottish island, cut off from the mainland, and wreathed in perpetual fog (poor Douglas Camfield, the director, seems to have been cursed with sunshine and obliged to *make* fog!).

Any armed party of men can be relied upon to split into ones to oblige the Monster. Several nasty suspicions about the Thing have been raised: it is radioactive and belongs to the Navy, came from outer space, or is part of an Army experiment. What we know for sure is that its eyes are bloodshot and it suffers from asthma: every time the camera goes to monster p.o.v. the screen goes red and there's awful bronchial wheezing. Good bedtime stuff for children in the BBC's view, since it runs from 8.20 to 8.50 on Fridays. This week sees the denouement.

The Chinese Detective also on BBC1, is at least a couple of steps up from that, though the pace, style, and street-wise feel given to Episode 1 by Ian Toynton's direction has unfortunately not been sustained. (Why not stick to a single director for a six-part series?) It is to *Dixon of Dock Green* what le Carré's novels are to James Bond: several stages further on, past the slick toughies (Len Deighton/*The Sweeney*) and indulging self-consciously laid-back knowingness. We have all seen *Law And Order*/read "The Berlin Memorandum" haven't we, so now we know our way around.

The trouble is that its looks are better than its content: the story about a detective who won't drop the case as his superior orders is hackneyed, and it is hard to believe that David Yip's standard of acting would be considered acceptable in anybody who did not happen to have Chinese features. That sort of "positive discrimination" can only be counter productive. Still, Toynton directs again tomorrow so whatever the content the pictures will be worth watching.

As though intent upon fulfilling traditional prejudices the ITV series are both more soft-centred than any of the BBC quartet. In fact watching Thames' *Funny Man* and ATV's *Shillingbury* Tales after the recent Yorkshire series called "Plays for Pleasure" (several of which were well above average single play standard) one starts to wonder whether an edict has gone out to ITV companies stipulating that henceforth all drama shall be wholesome, built around a family, and suitable for illustrating Sunday afternoon homilies.

The first episode of *Shillingbury Tales* required Bernard Cribbens as Cuffy the odd job man, the endearing outsider who fills a little niche in everyone's life, to be smothered in so many layers of sentimental goo that it seemed as though neither he nor the plot could possibly stagger another foot. But with all the relish of J. M. Barrie turning off Tinkerbell's light, writer Francis Essex simply stepped in and had Cuffy's beloved horse keel over and die. (I swear it moved, incidentally). The series has all the subtlety of a rural *Crossroads*.

Yet to be fair, television is a broad church, if Harold Wilson will lend the phrase. The BBC is giving us all Shakespeare's plays as well as *Private Schulz* and *Maybury*, and it is no doubt *Shillingbury Tales* which will get into the ratings. The series is done proficiently enough (just) and even if Diane Keen isn't even a single line worthy of her abilities she is there nevertheless, embodying the fantasies of 10m suburban husbands. So how can one really object to such schmalz?

Thames's *Funny Man* contains fewer artificial sweeteners, yet it does give the impression of having been mixed to a recipe: set in the music hall (plenty of song and dance) during the '30s (period costumes and endless steam trains) so far mainly in t'gritty north (flat caps and white chokers) it is built around the Gibson family (there we go again) yet much concerned with working conditions, wages, and even a pit disaster (Social Conscience).

After three episodes I found the inverted romance of creaking props baskets, Sunday train journeys and dingy digs had palled. Yet we are presumably expected to grow to love these gutsy troupers since there are another 10 hour-long episodes to come. Ten! Doubtless the show will go on, but — as from tomorrow night, when it clashes with Stephen Davis's BBC2 play about Sakharov, *People From The Forest* — without me.

Could it be, I wonder, that this May time generosity in drama serials, all intended as strong habit-formers, springs from a growing awareness among our three networks of the imminent expansion of television? With pay-cable experiments now licensed, video sales booming, and Channel 4 on the way, are they settling down grimly to the job of hanging on to us? Perhaps the very threat of new competition is already having a salutary effect.

Michael Elphick and Ian Richardson

Coliseum

Salome

by MAX LOPPERT

The English National Opera *Salome*, conducted by Mark Elder, produced by Joachim Herz (who returned to the house to supervise the revival), and presenting Josephine Barstow in the title role, returned on Monday. It is a strong and brilliant achievement, one of the company's most precisely martialled, delivered with mostly deadly aim and unerring commitment. Whether the producer has perverted the sense of Strauss's musical and dramatic intentions (with the final "natural" death of Salome, rather than her murder on Herod's orders, as culmination of the process) seems to me less important whether the opera can stand—even, perhaps, deserves—such a treatment. I think it can and does: in *Salome*, that monstrously fascinating and tiresome combination of overblown domestic comedy and overheated psychological drama, the end surely justifies the means.

The style and the focus of the production make the best, in every sense, of its leading soprano. Miss Barstow, lean, intense, vixen-fast in movement, is not a born Salome, physically, and by no means a born Salome, vocally. She is a superbly gifted singing actress who unleashes with startling skill and canny determination every physical and vocal device at her command to dominate the stage (ever device, that is, except perfectly clear diction). The mesmeric impression she creates in the role is a paradoxical one, essentially untrue to Strauss yet one that he might well have admired — of an emanation of honesty, directness, even integrity, in conflict with the fetid obsessiveness of Herod's court. Only in the very final climaxes did one start to worry about the possible ultimate effect of such strenuous vocal usage — and even there, worry was probably out of place, for with Mr. Elder in the pit, a vigilant and muscular clarifier of Straussian instrumental thickness, the voice is obviously in safe care.

The duty of praising, as fully as possible in a short notice, the excellence of the leading lady forces me to slight her no less remarkable companions on stage. Emile Belcourt's Herod and Neil Howlett's Baptist are among the very finest things these two splendid artists have given us; Sarah Walker, though the lie of Herodias' line fails to exploit to the full her special vocal gifts, is hardly less riveting.

Josephine Barstow

Hugh Routledge

Verity Bargate

Verity Bargate, who died on Monday, was co-founder of the Soho Poly lunch-time theatre and a novelist of growing reputation. With her first husband, Frederick Proud, she established the Soho Poly in 1968 as one of London's leading fringe venues, presenting the work of countless young playwrights to a consistently high production standard.

In recent years she ran the theatre on her own. The plays were a lively mix of abrasive social commentary, off-beat humorous exercises and feminist writing. In the first category a trilogy of plays by Barrie Keeffe, whom she married earlier this year, represented a high point.

With the cruel onset of cancer, the novels seemed to rush out of her in a fevered stream. *No Mama No* was about a mother who dressed her two little boys as girls; *Children Crossing* described an appalling marriage and the grisly death of an infant in a road crash; *Tit For Tat* was a gruesome tale of revenge and self-mutilation. Critics praised her frank and uncluttered style. In the theatre she was greatly admired for her optimism, enthusiasm and resilience.

MICHAEL COVENEY

Guanajuato, Mexico

In the steps of Cervantes

by ANTONY THORNCROFT

Guanajuato, nestled in the hills of the Sierra Madre 200 miles north west of Mexico City, is a place with a past. In the 18th century the mines on the surrounding hillsides produced a third of the world's silver. In those colonial days most of the wealth went in tribute to Spain but enough remained to endow Guanajuato with the finest baroque churches in Mexico, as well as a thriving university.

Now Guanajuato has a future. The most perfectly preserved colonial town in the country it is a national monument and the site of an annual arts festival which in nine years has become the rival of Edinburgh and Salzburg. This year in the three weeks that ended on Saturday it played host to the Comèdie Francaise, the Vienna Philharmonic, the Stuttgart Ballet, the Australian Ballet, Martha Graham, the New York Philharmonic, Yehudi Menuhin, and many more. The festival obviously has advantages not shared by its competitors. Its president is Carmen Romano de Lopez Portillo, the wife of the president, and Mexico, with its oil wealth, is in a position to afford prestige events.

But an attraction of the festival is that it does not let its financial good fortune ruin it. Mexico manages to straddle most international political controversies and the festival invites—and increasingly gets acceptances from — arts companies in every part of the world. This year there were performers from Poland and Czechoslovakia, China and India, Israel and Cuba, Hungary and the Ivory Coast, Australia, Japan and Bulgaria, and so on. Of course given the lack of accommodation in the town for visitors, and the transportation costs of artists, the festival inevitably makes a substantial loss, but the energetic young director, Hector Vasconcelos, is increasingly justifying the venture by making it a festival for the whole of Mexico. The artists may start in Guanajuato but many then visit 29 other Mexican cities—and the ubiquitous cameras at the events ensure that Mexican television gets over 60 programmes for future transmission from the festival. In another move to exploit the new hotels that are springing up around the town Vasconcelos is arranging an autumn festival for 1982. His main problem is to keep the reputation of the festival growing roughly in line with the ability of Guanajuato to absorb tourists.

But what of the events themselves? An arts festival develops its own personality and momentum. In no capital city could you experience such a range of performances, in quantity and quality. Perhaps the main attraction is the opportunity to take the pulse of the arts in a wide variety of nations, but the companies that made most impact were those that adapted themselves to a foreign audience.

For example, the Comèdie Francaise almost emptied the Teatro Juarez, the amazing main auditorium completed in 1903 and a devastating marriage of the Aztec and art deco with hardly a surface un-patterned and five storeys of boxes to disguise a thousand intrigues. Its first offering, Paul Claudel's *Midday Partition* lost its audience with its wordy aphorisms about love and life and *The False Confidences* by Marivaux somehow seemed distant and anemic in this exotic setting. Much more successful was the Geonese company, the Stabile di Genova Theater, which hit the target with a mid-18th century extravaganza, *The serpent woman*. This kept faith with the original commedia del' arte production while adding effective modern lighting (despite production problems), and music and designs which somehow ensured that the actors both played it straight while affectionately knocking the conventions. Coming fresh to this theatrical tradition you wondered why London hardly ever saw such works which have added so much to our own popular art, most notably the pantomime and Punch and Judy.

The serpent woman was full of magical effects—monsters regurgitating maidens; dwarfs growing to full height; marionette knights; a romantic lead with the bemused expression of Gene Wilder. It was perfect festival fare. As was the Stu Theatre of Poland's version of *Don Quixote*. The windmill tilting knight is a fit metaphor for contemporary Poland, and this multi-media presentation with its electronic music; impressive impressionistic prop of the Don's house, Rosinante, and strident cast which managed to mix politics and humanity, with the victory going to the latter, was a deserved hit. This was Poland Now, liberated in a far country and with all the pent up emotion of a generation spilling out, perplexed but powerful.

There was nothing remotely political about the Gag Theatre of Czechoslovakia which lived up to its name by miming a piece about the early days of Hollywood. It had a good idea: in the office of silent movie producer Mr. Mac occured all the disasters — custard pies, exploding cigars, etc. — which were to become the stock in trade of the cinema. It was amiable if over-long. On this view the Italian, Polish and Czech companies would find a warm response in London if international theatre ever returns here — at the Old Vic perhaps?

The British contribution came from Lindsey Kemp whose dance company has shaken off the dust of an unresponsive native land in favour of playing before eskimoes, aboriginies—and Mexicans. He performed *Flowers* which seems to have lost some of its religious intensity since I last saw it and is now more memorable for the contortions and couplings of naked males. It teeters along many tightropes —between outrageousness and ludicrousness, between powerful emotion and banality. But it never bores and you can understand that those Mexicans that were not shocked took Lindsey Kemp to their hearts —literally for the town was full of sweat shirts from which his wide eyes and retroussé nose peered out.

During my time at the festival the dance, very strong this year, was ethnic—the Ivory Coast ballet performing adapted tribal rituals; the Kathakali of India hypnotising with the rhythms and steps of a very different culture in which nature has been tamed by art. They performed with the Alhondiga in the background, an 18th century granary which was the starting point of the Mexican revolution and is now an impressive museum. The best music was in the churches, notably the Templo de la Compania, expensively erected in the mid-18th century with silver money and a building both monumental and charming.

But a festival does not rely on a particular performance—or two. It is a collection of images in which the setting is as important as the events. A fringe has come to Guanajuato with no official encouragement —although this is planned—and the streets of the town are full of mime shows and musicians, not least the university students whose perpetuation of the plays of Cervantes, especially the one-act farces, the Entremeses, formed the original basis of the festival and gave it the name of Cervantino. In such a perfect climate bringing art and entertainment out in the open is inevitable, just as it is inevitable that this Mexican arts festival should gradually take its place on the international arts world.

Elizabeth Hall

English Gamelan Orchestra

Their title is a pleonasm: a gamelan *is* an orchestra, more or less, consisting of Javanese instruments resembling xylophones and bowl-like gongs of many sizes. The band which appeared for the English Bach Festival on Monday are an English team who play—to an untutored ear, very well—upon instruments borrowed from the Indonesian Embassy. Their concert was excellently planned, and enthusiastically received; I hope that many more audiences will get the chance to enjoy them.

The group includes not only ethnomusicologists like its director Neil Sorrell, but also musicians who are otherwise involved with experimental Western music. The happy result is that they perform not only faithfully traditional Javanese pieces but music by Western admirers of the gamelan (including themselves). In either vein, their sound is attractive and scrupulously balanced — not monotonous, as one might fear, for the distinct strata of gamelan music soon reveal themselves to the ear, with tunes being chased and twisted up and down the ordered levels.

On Monday we had a short Javanese piece, infectiously lively, and a long, hypnotically gentle one. (The first showed immediately how sensitively Debussy and Ravel echoed gamelan-style in "Pagodes" and the *Ma mère l'oye* "Laideronette"—a gamelan had visited Paris at the turn of the century.) Medium-sized pieces by director Sorrell and Mark Lockett respected the gamelan conventions (though Sorrell's *Gending Campur* used *both* the Javanese tuned scales, five-note and seven-note: is that cricket?) and Michael Parsons' more elaborate *Changes* adapted English change-ringing methods to the medium, which proved hospitable. The American Lou Harrison supplied a brilliant pendant with his *Bubaran Robert*, dedicated to the ethnomusicologist Robert E. Brown.

DAVID MURRAY

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Wednesday May 20 1981

Salesmanship and ethics

THE DIVIDING line between ethics and market condsiderations is one of the most delicate in the whole world of business. No appeal to the benign, corrective forces of the market can provide the answer whether it is right or wrong to rely upon the laws of supply and demand when marketing goods that are *intrinsically dangerous.*

The argument becomes far more difficult when one is dealing with goods that are not intrinsically dangerous, but may *be potentially so, especially in* the hands of the ill-informed. A case in point is what goes under the generic term of baby foods, more properly formulas for bottle feeding babies, rather than breast feeding. That issue has been in and out of the headlines for a matter of years. It has come to the fore again at the current meeting of the World Health Organisation in Genva. WHO, about two years ago, warned against certain dangers from the indiscriminate use of these foods and made recommendations to restrict their promotion. A code of conduct prepared by the WHO secretariat is before the current assembly of WHO where, at the last moment, it has run into opposition from the U.S. Other national delegations, too, are doubtful about the value of the code.

Contaminated

Put briefly, the case against these foods is than in poor countries with illiterate or ill-informed populations they may be used in the wrong way. Where the local water supply is contaminated, the baby may drink poisonous matter along with the milk from the bottle. If the mother lacks money, there may be a temptation to stretch the supply by thinning the formula unduly. Worst of all, bottle feeding could become a sort of undesirable status symbol.

Medical opinion has not always been clearcut, but has veered to favour breastfeeding wherever possible. It enables the mother to pass on certain acquired immunities to the child.

The industry, with estimated annual sales of $2bn a year at stake, has not taken a completely united stand on the issues. Its representatives concede that, where possible, breastfeeding should be pre*ferred. But it also holds that* baby foods can be a valuable supplement in those cases where the mother cannot follow the natural way — for instance *in the case of populations* ravaged by famine.

What makes the code now before WHO problematic is that it is sweeping and drafted in terms that suggest that it has the force of law. In fact it *cannot* be more than a recommendation to member governments to make their own laws and regulations where required. However, opponents of the code *argue that such is the standing* of WHO that at least some governments may be prompted to act uncritically if the code is adopted.

Some poor countries have already taken steps of their own. Papua New Guinea allows the sale of baby formulas only against medical prescription. In the best of all possible worlds that might be the sensible course. But medically tutored people are few and far between in the developing world.

The industry itself, through the International Council of Infant Food Industries, has adopted its own code of ethics, banning advertisements suggesting that its products might be superior to mother's milk. Some countries have used this code as a basis for their own regulations, an arrangement said to be working well by and large.

Plainly both the industry and its critics have serious arguments to put forward. It is most unfortunate that in some cases the debate has been conducted by those who see multinational companies as the root of all evil and seize upon the fact that in many cases the baby foods are supplied by such companies. There have been some encouraging signs of late that the developing countries and the multi-nationals realise that they need each other: anything calculated to slow down that learning process must be avoided. The bomb warnings sent to one international food concern *are* utterly to be deplored.

Co-operation

On the other hand it is *special pleading of the worst* kind to invoke the right to free expression and free competition if a potential danger to life and health has been identified. *Laisser faire* must have its limits, and so must high powered salesmanship. But so, also, must have emotional arguments with ulterior motives.

The best solution would be co-operation between the industry and local Governments, which alone can take account of local circumstances varying from case to case. In such a scheme of things WHO would play a key role not as a new regulartory agency, but as a *provider of expertise so sorely* lacking in many countries.

Freer choice in broadcasting

DOUBTLESS the Government's decision to venture into direct satellite television broadcasting later in the eighties will be seen by some as a brave step into a glittering technological future. Mr. William Whitelaw's own words, "modest but early," might be more nearly accurate. The Home Office shows no signs of giving any consideration to the loosening of the constraints on British broadcasting. Indeed, the carrot being held out to private finance is simply that of funding the capital costs of a satellite operation whose programmes would then come under the control of the established broadcasting organisations and whose return would be rental revenue.

The scene is already being set for a repeat performance of the Independent Broadcasting Authority round of franchise applications, with the licensing of satellite channels and interventionalist controls from the Authority, the BBC or some new controlling body. While eyes are upturned for these activities in the sky the fact is that a similar process is beginning as another "modest but early" start is made on cable television systems below our feet.

Opportunities

The paternalistic approach to broadcasting in Britain is so deeply entrenched as to be almost unquestioned. As technology provides ever widening opportunities for broadcasting so *Government is driven to* greater lengths in creating the bureaucracy to control it.

The most fervent advocate of a de-regulated broadcasting *system cannot, however, dismiss* the arguments in favour of intervention. They are based largely on a perceived need to maintain overall broadcasting standards and to ensure that the residents of rural areas are not deprived of programmes bought by companies serving the more prosperous cities. This *argument* is still a valid one in the case of satellites for, based as they may be on a subscription service, the better off may be able to afford what the *licence-paying poor cannot—* such as first-run feature films.

There are other objections to complete de-regulation. A satellite broadcaster freed from all controls other than normal post-publication retribution for criminal offences or libel might strip his rivals of audience simply by pandering to the lowest of public tastes.

All these arguments were powerful ones when the number of television channels available to potential broadcasters was limited. As the supply increases *there comes a point where free*dom of consumer choice assumes a greater importance than the preservation of some authoritarian view of what our *broadcasting diet should be.* At what point does the rationing of frequencies, for whatever reason, become the censorship of material?

Material

Consumer demand for video cassette recorders has demonstrated that there is a call for additional television services. The near explosion of supply in the independent production market to meet the demands of the Fourth Channel and that same cassette business, demonstrates that the material can be found.

The contortions of the IBA in recent months as it struggled with its ungainly burden, and the worries of the BBC as it attempts to be all things to all licence payers must surely be warning enough. Perhaps the real reaction to the Home Office announcement is that it is far too modest and none too soon.

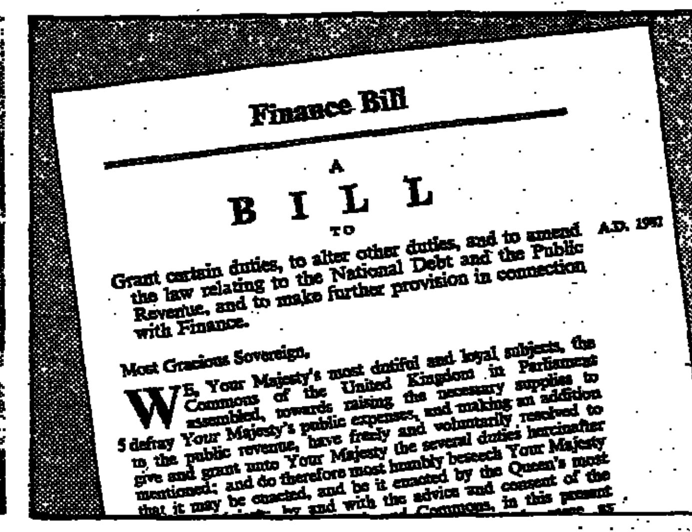
By restraining home market demand for both hardware and *programme material* Government may be doing those very standards a disservice. The narrowness of the domestic base is already having its effect on the production business, as it did with catastrophic effect on the cinema-based film industry. If audio-visual production is to thrive in Britain it needs a *multiplicity* of outlets. The fruits of market freedom may be vastly more abundant than the Government on this issue, in strangely protectionist mood, *seems to think.*

SMALL BUSINESS INCENTIVES

Stalling at the launch pad

By David Freud

The Government's plan to offer incentives to get *investors to put money* in small businesses has run into trouble. Its critics including Mr. Walter Goldsmith of the Institute of Directors (far right), say that the new proposals, contained in the Finance Bill, are so circumscribed as to be of little value. Sir Geoffrey Howe, the Chancellor, is under mounting pressure



Finance Bill

A
BILL
TO

Grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. A.D. 1981

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most ... by and with the advice and consent of the ... Commons, in this present ...

ONE of the few features in the Budget to receive almost universal praise in March was a new tax incentive to encourage people to invest in new businesses.

The initial enthusiasm has now all but vanished following publication of the details in the Finance Bill and the proposed legislation is being greeted with hostility and even ridicule.

Its critics say that the incentive has been so heavily restricted as to be *virtually* worthless. They point out that even the keenest investor is likely to be deterred by the requirement to satisfy more than *70 conditions to obtain* maximum tax relief of £10,000 a year.

The Government is highly embarrassed, not least because *tax changes* to encourage entrepreneurs are a major plank in the business opportunities programme launched by the Prime Minister two weeks ago. Back*bench* Conservatives are making threatening noises, and a similar controversy over the Government's bank loan guarantee scheme to be introduced at the *beginning of June*, has compounded the embarrassment.

The Inland Revenue has taken most of the blame for circumscribing the new measure so *tightly, and the* Institute of Taxation has accused it of being obsessed with tax avoidance.

In fact, this may be a little unfair. The Government's fiscal

Bank bench Tory MPs are making threatening noises

problems mean that it wants to keep is revenue "loss" to a minimum. The Red Book, the Government's financial report, estimates that the cost of the measure in a full year will be only about £50m.

Nevertheless, a strong lobby has built up in favour of greater liberalisation, and amendments to the Bill have been pouring *in for consideration at com*mittee stage. All the signs are that some of these will be accepted by Treasury Ministers when the relevant clauses come up for examination, probably in two or three weeks time. Revised clauses may also be put forward by the Government itself.

The scheme breaks significant new ground for the UK tax system. Traditionally, taxpayers have obtained relief on money spent in certain ways, mainly in pension annuities and interest on house mortgages.

To make investment in business start-ups as attractive *as these, the Government has* put expenditure in this direction on much the same tax basis. In other words, the investment reduces taxable income directly.

The criticisms fall into three main categories:

The first is simply the onerous nature of the restrictions, which greatly limit the scheme's attractions.

Second, and somewhat less important, are the technical criticisms which should in principle be easy enough to correct. For example, there is a conflict with earlier legislation of timing. And one clause says that *individuals cannot* claim relief if one of their motives is to avoid tax! This puts disingenuousness in a new light.

The third, and the most important, problem is uncertainty. An investor cannot even be sure of obtaining his relief because he has to wait a year for it. Worse the relief can be seized back from him over the next five years, along with interest payments, for reasons outside his control.

According to Mr. Malcolm Gammie, director of accountants Thomson McLintock's National Tax Office, this ensures that hardly anyone will use the scheme. "It is very unlikely that anyone will want to put his money into a risk venture where there is no guarantee he will hold on to his tax relief, even if he gets it in the first place," he says.

Other critics are just as severe. The London Chamber of Commerce and Industry says it is concerned that the restrictions are so broad that the Chancellor's objectives will not *be achieved.*

Perhaps the most unkind jibe has come from Mr. Walter Goldsmith, director-general of the Institute of Directors, who said in a speech last week: "The current proposals fall far short of the change in culture towards an entirely new climate for entrepreneurial activity foreshadowed in so many speeches and lectures to the Bow Group by Ministers when in opposition."

Mr. Michael Grylls, the Tory backbencher who is chairman of the Conservative Small Business Bureau, is also critical. "There is too much concern about evasion. After all, this is not a Vestey-type loophole. The maximum tax evasion for the highest rate taxpayer is £22,500 per person over three years."

Sir Geoffrey appears to be coming under a great deal of pressure from Mr. Grylls and other backbenchers on the issue.

Almost as influential as direct criticism in persuading the Government to liberalise the measure may be the spectacular failure two weeks ago of a scheme by a city investment trust — called Electra — specifically designed to raise funds for investment in new businesses.

This project did not involve *the start-up relief*, but it did aim to take advantage of 1980 legislation allowing capital losses to be written off against income. The Government pub*licly backed the venture, which* seemed to have everything going for it, but subscriptions were less than half the minimum amount required. Its failure adds to the pressure on the Government to be seen to be effective in this area.

Changes are therefore probable before the Bill becomes law. The likeliest is mitigation of the threat of withdrawal of relief. Clawback may be restricted to those occasions when the investor himself is using the tax relief provision for some chicanery.

The three-year maximum time limit between incorporation and investment may also be changed. This is often too short a period for an entrepreneur to get his project ready for launch. There will also be pressure to increase the 30 per cent limit on relieved investment in a company, and to expand the types of company which can qualify.

The Inland Revenue's fears about tax avoidance are not wholly unfounded, and the Chancellor will have to be care-

Tax avoidance fears are not unfounded

ful on how many opportunities for "tax planning" he gives away. The Revenue has recently won two important victories before the Law Lords which seem to ban "artificiality" in *tax avoidance schemes.*

Even so, the precedent has yet to be tested, and a very small amount of commercial risk in a scheme may still suffice *to let it get past the courts.*

If the Revenue were to give too much away it is easy to imagine new businesses being used as tax avoidance vehicles with, perhaps, an associated options contract which would greatly magnify the value of the original £10,000 relief.

Yet while the current squabbling is about restrictions and avoidance, there is a more fundamental objection to the whole start-up scheme. The *Chancellor* has *given* yet another tax concession away in order to make investment in new business as attractive as investment in housing and *pensions.*

As such it represents another step along the road making it difficult for a government to hold out against similarly favouring other forms of expenditure it regards as desirable.

The costs of using tax incentives to promote economic behaviour are already high. The more reliefs, the higher the basic rate of tax and the more pressure for more reliefs.

HOW THE START UP INVESTMENT RELIEF WORKS

	Married man (with mortgage) without investment relief	Married man (with mortgage) with investment relief
INCOME	£50,000	£50,000
(Less) married man's allowance	£2,145	£2,145
(Less) mortgage interest	£2,855	£2,855
(Less) investment relief	—	£10,000
TAXABLE INCOME	£45,000	£35,000
Tax	£21,875	£15,875
Post-tax income	£28,125	£34,125
Net cost of £10,000 investment	—	£4,000

THE CRITICISMS IN DETAIL

Most aspects of the start-up scheme — which takes up 17 pages of the Finance Bill — have been criticised. But the heaviest barrage has been directed at the definition of which companies are eligible and the restrictions on the amount that can be invested in them.

1—A *taxpayer* can only invest in a company with which he has little connection. He cannot be directly related to the *entrepreneur, nor can he*, or anyone connected with him, be paid by the company. Nor can he become employed by the company. All these *restrictions run for five* years. Unfortunately, they fly in the face of Sir Geoffrey Howe, the Chancellor's, own description in the Budget of what the measure was intended to achieve.

When he announced the measure Sir Geoffrey said: "The private investor can often contribute not only risk capital but also direct business experience." But the bill stops investors actually con**tributing their experience, at least for money. Professional businessmen are prevented for five years from going to work for a company they helped start up even if it has expanded rapidly in the meantime and could perhaps use their full time services.**

***2—The amounts involved* are not very generous. Only 30 per cent of a company's share capital qualifies for relief, presumably to limit *the risk that outside in*vestors might seize control. But it means that the entrepreneur will have to find 70 per cent himself.**

Mr. Walter Goldsmith, director general of the Institute of Directors, points out that if an entrepreneur can raise £70,000 himself, he can probably raise £100,000.

3—The definition of which companies are eligible is also tightly drawn. The aim is to continue relief to investment in the manufacturing sector and to exclude the service sector. Quite apart from the economic question *about* why one is more desirable than the other, this provision could make entrepreneurs reluctant to use the scheme.

Investors would presumably require entrepreneurs to commit themselves to maintaining the eligibility of their business *for five years*. But such a commitment might prevent the company taking advantage of changing business circumstances, for example if it became essential or *desirable* for a service arm to be added to the manufacturing base.

4—The requirement that the company shall not have a subsidiary or even be "connected" with another company further reduces flexibility.

5—But *it is the investor* who is left with one overriding worry. By definition he can have only a minority stake and thus no effective control over what the company does. Yet any action by the company over a five-year period may be in *breach of the requirements* of the legislation and lead to the investor's relief being reclaimed by the Revenue, along with an interest charge currently running at 12 per cent a year.

He may be able to commit the company to covenants on some of the obvious things (though most entrepreneurs would find it irksome) such as ruling out subsidiaries. But it would be impossible to rule out all eventualities. For instance, if the company used a law firm in which the investor's son happened to have become a partner, relief could in theory be clawed back by the Revenue.

6—Finally, the relief is not quite as generous as it appears—at least as the bill now stands—because the expenditure cannot be offset against capital gains tax. So if an investor sells his £10,000 stake after six years at an unchanged price, there will be a capital gains tax charge of 30 per cent, or £3,000.

MEN AND MATTERS

Arms and the managers

Difficult though it may be to believe that Mehmet Ali Agca planned to add the Queen to his list of victims, the Pope's would-be assassin certainly had his backers. It is still not clear who financed his travels, but the rich pickings of his apparent mentor, Colonel Alparslan Turkes, have been documented by the military prosecutor in Turkey.

The 954-page indictment of the Nationalist Action Party leader describes Turkes as having TL 20,343,509 ($200,000) *in banks* in Turkey while he also holds accounts in banks abroad. One estimate puts the amount at $1m. He also owned houses, office buildings, whole apartment blocks, summer houses, and three automobiles, it appears. During 1975-80 he is believed to have spent over TL 19m. Not bad work for a man who earned a mere TL 3m during this period.

The military prosecutor is accusing the NAP of "at least 649" murders and has asked for the death penalty for Turkes and 219 other members of the party. All of which is causing red faces for the businessmen who have been named by the prosecutor as making contributions to the NAP. The list published in the indictment reads almost like a Who's Who of Turkish business, though a few major figures are absent.

Turkish businessmen tended to try and buy peace by contributing to the major parties, though the NAP produced more muscle than votes. A number *of leading businessmen* contacted by the Turkish newspaper, Hurriyet, were quick to deny the prosecutor's allegations.

Ali Kocman, President of the Turkish Industrialists' and Businessmans' Association's trading group is named as giving TL 50,000 to the party. He insisted that he had not given funds and asked: "Who is making up these stories?" Nuh Kusculu, head of Turkey's Chambers of Industry, said he *too had never helped the NAP: "If they say that I have let them prove it. Let them bring forth documents."* Other businessmen too denied the authenticity of documents apparently found in the NAP's headquarters.

Mr Heiser

Referring, in a note on May 15, to the promotion of Terry Heiser to deputy secretary in the Department of Environment, I said that he had taken part in the recent one-day Civil Service strike. This was incorrect and I apologise to Mr. Heiser for any embarrassment caused by the error.

Howe now?

Despite holding its meeting this week in Gabon, the IMF's interim committee does not seem inclined to go much further in demonstrating its solidarity with the developing world.

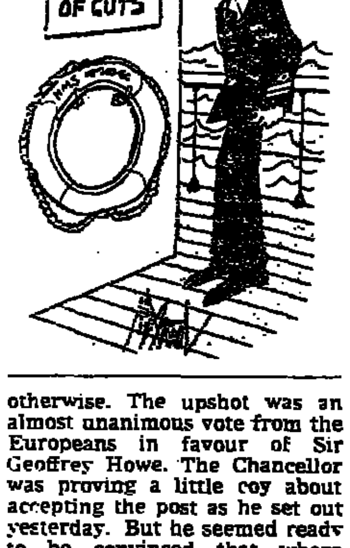
The very fact that so many finance ministers from the richer nations will not even make it to the Palais des Conferences in Libreville suggests that the poorer relatives who expected more than a gesture will be disappointed.

Donald Regan, the U.S. Treasury Secretary, has flown home from Saudi Arabia to help President Reagan with his tax package; Hans Matthoefer of West Germany is unwell; the Japanese Minister will be missing; and René Monory of France waits to hand over to his socialist successor in Paris.

Monory was to have taken the chair at the meeting—and once *it became known that* he would be absent, the Europeans acted quickly and quietly to ensure that control of the debate did not slip from their safe hands.

Jacques de Larosière, the IMF managing director, tried to put Canadian finance minister A. J. MacEachan in the seat. But it was feared that he might treat the Third World demands a bit too easily.

An embarrassed Larosière was informed that the job was traditionally that of a European *and it was not for him to decide*



otherwise. The upshot was an almost unanimous vote from the Europeans in favour of Sir Geoffrey Howe. The Chancellor was proving a little coy about accepting the post as he set out yesterday. But he seemed ready to be convinced that where money is involved, Europe should stick together.

Harrying Lime

"Goldfinger," as Ian Posgate is known around Lime Street by virtue of his underwriting acumen, took the stand yesterday during the committee reading of the Lloyd's Bill.

What he had to say made wretched listening for the ranks of the Lloyd's establishment, in*cluding chairman Peter Green,* who were there to cock an ear. The Alexander Howden group's star performer, one of the insurance market's most influential figures, came down in favour of brokers' divesting themselves of their underwriting interests.

Had he felt any pressure not to appear? "It has been suggested by some brokers that I should disassociate myself from the petition," he explained, suggestions which were apparently *not entirely* devoid of reminders of how much premium the brokers produced for his underwriting syndicates.

Figured out

There were red faces at yesterday's annual meeting of the Institute of Taxation, whose 6,000 members include solicitors, Inland Revenue inspectors and, predominantly, practising accountants.

Due to a misunderstanding between the Institute and its auditors, Touche Ross, the accounts for the year ended December 31, 1980 had been released to members before a final audit clearance and signed report had been obtained.

Sod's Law dutifully intervened, and a subsequent once-over revealed that fixed assets had been over-stated to the tune of £3,385. Nifty Institutional fingers cooking the books? Far from it. The cause of the discrepancy, I gather, was an office car which, to somebody's surprise at any rate, had been quietly sold off during the year.

Arty facts

Two dead flies, and a bucket of water in which float six uninflated balloons and four apples labelled Mine, Yours, Ours and Theirs, form part of a display called "Room Temperature," offered by artist Les Coleman at Southampton's civic art gallery. The aesthetic ambience is subtly enhanced by a pervasive smell of disinfectant.

Gallery assistant keeper Les *Buckingham* offers a commentary describing how Coleman's work left him "amazed by its completeness, its oneness, its apparent obviousness. Yet it had the ability to *tease*, to make me wonder, and question; to lead me in other directions. Why? This is air and this is water. Have you looked at them, have you actually seen these elements before? Here they are."

Observer

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FINANCIAL TIMES SURVEY
Wednesday May 20 1981

Business Travel

While the travel industry struggles to maintain profit margins and to tempt the business community with higher standards, the traveller is faced with corporate pressures which demand even greater value for money and a more modest approach to travel expenditure.

Pressures lead to changed attitudes

By Arthur Sandles

IF BUSINESS travel has acquired a new buzz-word over the past couple of years it must surely be "club." The airlines, hotels, car rental companies and even restaurants that serve the business community have replied to criticism of services with the creation of a new class of customer—the regular full-priced client.

Today's traveller needs not only his clutch of credit cards but also an assortment of additional pieces of plastic which act as the open sesame to executive lounges in airports, super-service floors in hotels and exclusive dining rooms. Competition is emphasising quality, service, efficiency and the smile.

But at times it seems the service providers are playing in a different world from the service users. While suppliers are struggling to maintain margins and tempt the business traveller with higher standards, the business traveller is faced with corporate pressures which demand greater value for money and a more modest approach to travel expenditure.

The pressures leading to changes in attitude were clear in the seventies. Hotels and aircraft grew larger to cope with what had been the ever-expanding development of tourism. Although the business community began to complain about herding, as long as that basic growth continued their complaints went unheeded.

The successive oil crises of the seventies, and the subsequent recession, changed the scene. In order to fill flights and hotel rooms and to find custom for large fleets of cars, companies had to cut prices, which produced an inevitable decline in overall service. The protests of the early seventies became howls as the decade drew to its disturbed close.

Now everyone is moving to a restoration or even an improvement upon former standards. Your car rental company will give you a car quicker; your hotel will bring you breakfast in bed and provide a floor concierge: your airline will offer a special section of the jumbo and a separate check-in area. All this flows from a willingness to pay the full published price and/or be a regular customer. Suddenly service is fashionable again.

The trouble for the consumer is that words do not always mean action. Special sections may seem wonderful in the advertisements, but the actuality can be somewhat different. From personal and colleague experience over the past few weeks it would seem that exclusivity tends to collapse under the pressure of standby and package tour clients all demanding passage.

The age of plastic money: travellers pay for tickets with credit cards on board British Airways Shuttle from London to Glasgow

The problem for most of the airlines, hotels and other service activities is that it takes time to convince junior and middle management that the boardroom has changed marketing tack. It was not very long ago that the most junior staff were being firmly told that the greatest pressure was that of revenue and that when the choice came between service and return, then the answer was to take the money. Now those same staff are being told that consumer loyalty is important and regular customers must no longer be upset. Some are clearly finding the whole thing rather confusing.

To understand the difficulties of the companies involved is simple enough. Travel services are a highly perishable product. If the airline seat is not sold before the jet takes off then it ceases to be of any value: the same argument applies to the unsold hotel bedroom or the unrented car. There is no residual value.

What the travel industry has discovered in the past two years is that the market has fallen considerably below the supply potential and the stimulation of further growth by reduced pricing was no longer producing results. Even with trans-Atlantic fares at the levels of the past couple of years the airlines have been unable to fill their seats. Once again the same arguments apply to other areas of travel service. This fact has led the travel industry into its current campaign for healthy margins and to encourage that section of the travel market which can sustain such margins—business travel.

It might cynically be suggested that if the world were to return to its 1960s growth patterns these special business services would evaporate as rapidly as they have materialised. For the moment the business community might as well relax and enjoy them.

Unfortunately for many business travellers the accounts departments of their companies have discovered there are cheaper ways of getting around the world than buying the first available ticket. The growth of special travel agencies and the increasing power given to in-house travel managers are an indication of the way in which companies want to control their travel spending and to cut costs.

Various sectors of the industry report trading down by companies—executives urged to travel tourist class (often meaning "club class" these days); to be more modest in their entertaining and to use smaller cars where rental is essential.

On short haul business routes there is pressure to cut out all service frills and aim almost entirely for competition on a price basis—the introduction of various shuttle services around the world were simply a preview of this trend. Hotels, particularly those in the middle and lower end of the market, have found themselves much less able to increase rates in line with inflation. Car rental groups have been forced to lower the overall average level of the cars on offer as business renters tend to choose for value rather than prestige.

An indication of the strength of demand from the business community for lower cost services comes from reports that the Guild of Business Travel Agents is considering setting up its own cheap-ticket clearing house. The Guild is worried that business is being syphoned off by the bucket shops which supply cheaper tickets to under-cut regular travel agents. That highly respectable low priced trans-Atlantic specialist Jetsave reckons about 8 per cent of its traffic is from the business community, compared with only 3 per cent last year.

Predictions

It is impossible not to be sympathise with that perpetual travel industry watcher, Mr. Melvyn Greene of Melvyn Greene and International Associates, when he says about the hotel industry in Britain: "We have no reliable overall statistics on other (except foreign traffic) major sources of business." There are no figures on business travel, and for the conference market it is extraordinarily difficult to predict without a degree of pulse-taking and simply holding a wetted finger up to the economic winds.

Mr. Greene suggests that business traffic may be on the increase and, if he is right, that news will come as a considerable relief to car rental companies and the middle market hotels of Britain, notably those in provincial cities.

If the business market does show signs of a recovery, and if that recovery is not also echoed in leisure travel, then an even more intensive battle for business custom can be expected.

CONTENTS

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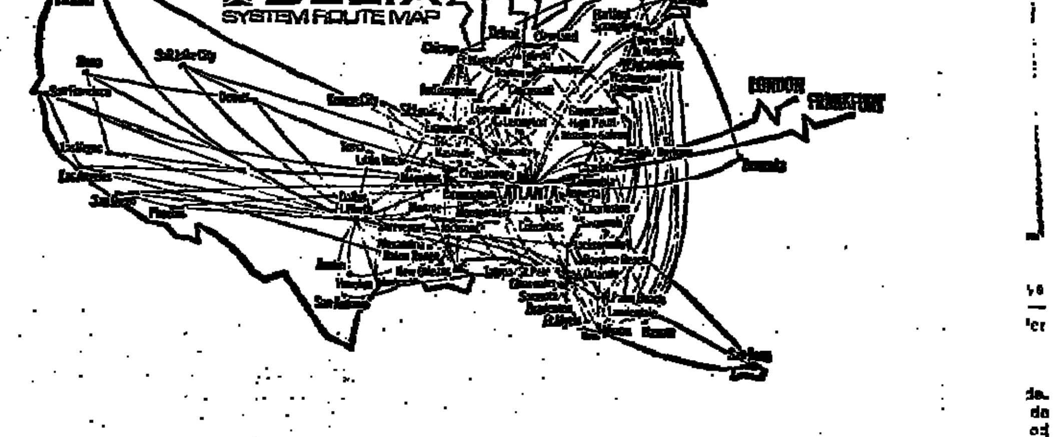

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More complexities than ever

AIR TRAVEL

MICHAEL DONNE

A Lear executive jet, seen over Dubai Dry Dock, in the United Arab Emirates. The aircraft is offered for charter by the Fairflight organisation, based at Biggin Hill, Kent

FROM THIS spring, air travel has become more complex for many passengers—and, indeed, for many travel agents—as a result of substantial changes in fares and conditions of service which have varied widely between different airlines.

On short-haul routes, both British Airways and Air France have substantially extended their new concept of Club and Tourist Class, involving the abolition of First Class on virtually all their short-haul routes throughout Western Europe.

This system reduces the quality of seating in the front cabin of the aircraft, but also lowers the fare from the former First Class level to a new Club Class level (which approximates to former Economy Class rates plus about 3 to 5 per cent).

For rear-cabin passengers, the seating is just as closely packed, but all frills, such as free meals (even snacks), tea and coffee, and even purchasable alcoholic drinks, have been abolished, although they are still available in Club Class. The fare, however, is set at a cheaper level than in Club Class.

The aim of the airlines is to try to maximise the volume of airline accommodation on short-haul routes and, hopefully, also increase revenue, by reducing the level of comfort and amenities offered; and, at the same time, to eliminate the losses which the two airlines claimed were being incurred on continued First Class travel.

Some other airlines have also decided to go along with BA and Air France on the two-class concept (under varying names); these airlines include Air Malta, Aer Lingus, Finnair (which, however, will also retain First Class), KLM, Olympic and Scandinavian Airlines System.

Decision

However, some other major European airlines have decided to adhere firmly to their First Class cabins although, in some cases, they are reducing fares in the Tourist or Economy Class cabins to match the competition being offered by BA and Air France. Airlines retaining First Class include Austrian, Alitalia, Iberia, Lufthansa, Sabena, Swissair and Aeroflot.

Some other airlines — such as Air Portugal, Yugoslav Air Transport and Turk Hava Yollari of Turkey — will be offering economy-only seats.

The result of all this can be regarded in two ways, especially by business travellers. On one hand, it can be argued that for passengers on many routes, especially where the rival flag airline retains First Class facilities, there is a genuine choice of both comfort and fare level. On the other hand, it can be argued that the airlines have made short-haul air travel much more complicated for many would-be passengers (and travel agents), and that a period of some confusion as to what is precisely available is inevitable.

There is little doubt that there was already considerable confusion in the public's mind about European air fares, with a veritable jungle of special promotional offers available, according to time of day, day of the week, and time of year when travel is undertaken, and that the latest developments are bound to compound this situation. Extensive advertising by the airlines is perhaps the only way of explaining coherently just what is happening.

A similar degree of confusion exists over long-haul air routes, especially with the growing volume of "middle fare" levels, accompanied by their own special cabins masquerading under a wide variety of titles, such as "Super Club," "Ambassador," "Clipper," "Empress" and others. The objective of all these special fares and cabins is to make available—particularly to the growing number of middle-fare business travellers—a facility that lies between the undeniably expensive (but commensurately comfortable) First Class travel, and the much less expensive, but also much less comfortable (some travellers would even argue, "disgusting") conditions of Economy or Tourist Class cabins.

The airlines have claimed that they try to keep these middle-class, middle-fare cabins as exclusively as possible for business travellers, with only two passengers for every three seats, so there is more room and, theoretically, also a higher level of peace and quiet in which to rest or work.

Time and again, however, there are reports from disgruntled business travellers who state that no such benefits accrue, and that the airlines only too frequently fill up the middle-fare cabins with cheap-fare (often Stand-By) passengers who, by their very presence, destroy the ambience that the middle-class cabin was intended to create.

Some airlines, notably Trans World, have prevented this problem by ensuring that, on all their long-haul jets, their "Ambassador" cabin contains only two-abreast seating, or six-abreast with two aisles, so that middle-fare passengers are not all crushed together.

British Airways is also now offering this type of six-abreast in a two-by-two-by-two configuration in the middle-fare or "Super Club" class cabins on its transatlantic 747s, as part of a range of improvements to its long-haul flights. These include an extension of "Sleeperseat" facilities to cover all First Class cabins on its 747s, and a new Club Class on 747s and TriStars on routes other than the North Atlantic.

Amenities

Many other airlines have begun to adopt in recent months the idea of extended-seats for First Class passengers—again these concepts are called by various names, such as "Sleeperseat," "Sleeperette," "Slumberette," "Skylounger" and so on. Some airlines, such as British Caledonian on its Hong Kong route, have been offering this type of amenity for some time, but the competition for First Class travel on longer routes has now become so intense that virtually every airline in the world is being obliged to follow suit. Singapore Airlines, with an enviable reputation for high-quality of service, has for long offered its First Class passengers on Boeing 747s a bed on a first-come, first-served basis of booking, and this has proved highly popular on the London-Singapore route. Other airlines are now either doing the same —Philippine Airlines, for example, on the route to Manila —or are considering doing so. It seems likely that this marketing battle for the high-fare First Class passengers will intensify this summer.

As far as fares are concerned, any attempt at comparisons has been made much more difficult as a result of the extensive changes this Spring. On shorter routes, the effects of the fare changes—as a result of the introduction of new Classes on BA, Air France and other airlines' routes—were masked by increases in many fares to meet soaring costs, particularly in the price of fuel. Airlines will try to hold these rates for as long as possible this summer, but no airline is prepared to commit itself to a guarantee. They all say that if fuel prices and other costs, such as landing fees and en route navigation charges, continue to rise, they will be obliged by the autumn to seek government approval for further fares rises.

On long-haul routes, some increases this spring across the transatlantic were postponed briefly, while the major airlines reconsidered their position, but the general trend here, too, will be upwards, with the possibility of further rises later this year.

With aviation fuel now averaging about \$1.30 a gallon on longer routes, and the likelihood that it will reach \$1.50 by the end of the year, it must now be accepted that the trend of fares is upwards. Although some airlines may be able to make occasional special promotional offers, the era of very cheap air fares is over. And while there will continue to be a wide range of fares available, the entire fares "plateau" is likely to rise inexorably.

World's largest air passenger terminal

When the new international airport opened in Atlanta, Georgia, in September, last year, it claimed the title of the world's largest passenger terminal complex. The airport, one mile from the old terminal complex, has twin domestic terminal buildings and four 26-gate domestic concourses, plus an international terminal which together can handle more than 55m people a year—and 109 wide-bodied aircraft, simultaneously. An underground transit system can move as many as 300,000 passengers and visitors, daily

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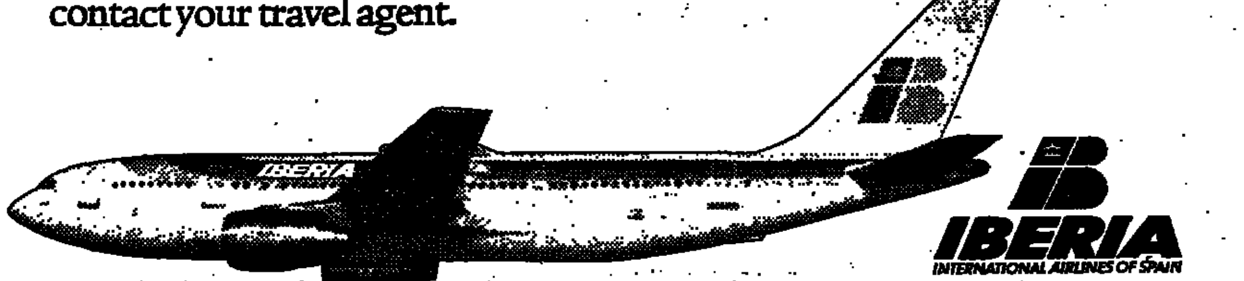

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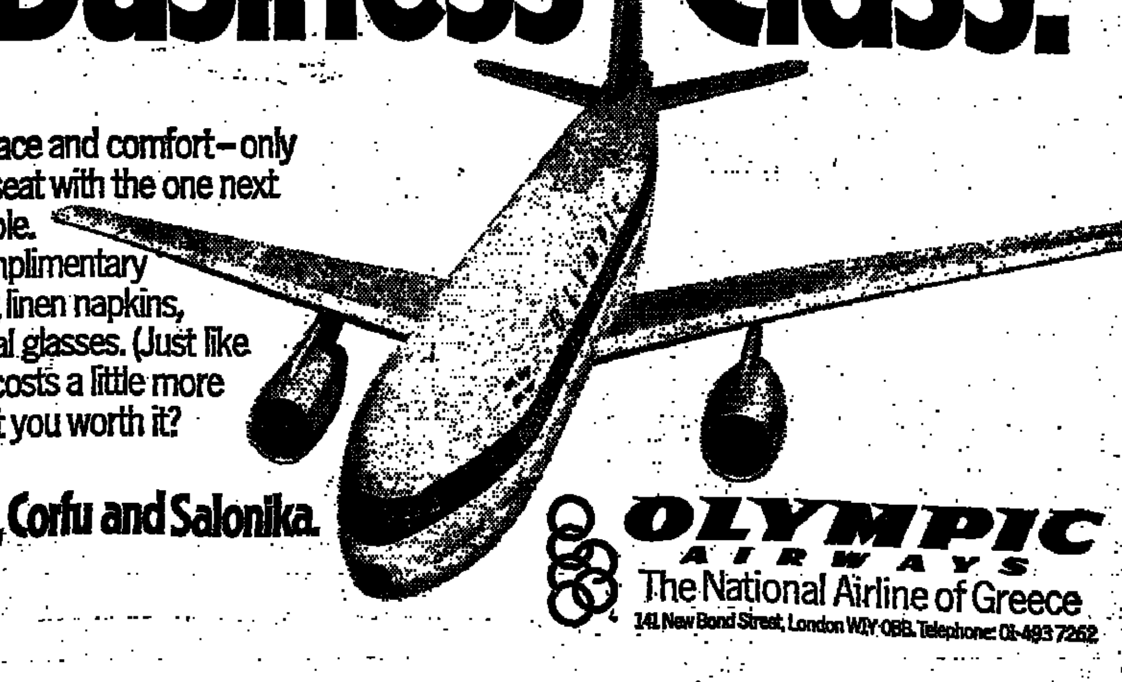

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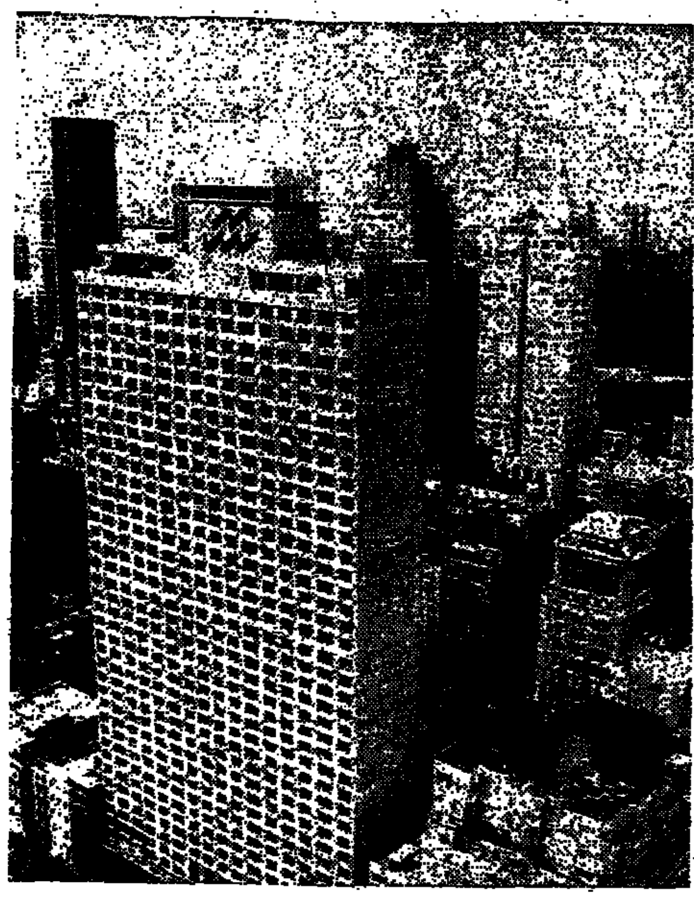


One of New York's lavish new hotels, the Parker Meridien, which is one of more than 30 hotels operated around the world by Air France

Keen competition to win corporate clients

HOTELS IN THE U.S.

FRANK LIPSIUS

WITH ALL the new building going on in New York, a passer-by would be forgiven if he failed to notice one building site that seems to be creating as much mess as the rest without touching the original structure. This activity on the corner of 55th Street and Fifth Avenue began in January and will not be completed for another year. But when it is done, the renovated Gotham Hotel expects to make a unique contribution on the increasingly crowded field of luxury New York hotels.

Mr. René Hatt, a Swiss developer who took a 99-year lease on the Gotham, intends to attract a business clientele not merely with the size and grandeur of his new hotel, but with its intimacy and charm. At the time that the first construction men were arriving at the distinguished 21-storey building, Mr. Hatt commented that the new hotel would be "a place of relaxed charm that is small and happy, where one can enjoy Mozart and Bach, versus one that is big and impressive."

Reducing the number of rooms in the Gotham from 330 to 250 marks a stark departure from the prevailing strategy in the city's booming hotel trade. Within a few streets of the Gotham are two other new hotels, the Parker Meridien and the Helmsley Palace which, between them, will be adding almost 2,000 of the 6,000 new hotel rooms that New York will be gaining this year.

Besides these three, Hilton International will inaugurate its entry in the American hotel business (it has no connection to the domestic Hilton) with its Vista Hotel in the Wall Street area—the first new hotel south of 42nd Street for decades. The old Commodore was transformed into the lavish, glass-enclosed Grand Hyatt, and the Broadway area is being redesigned round several competing projects, all boasting new high-rise luxury hotels.

Rising costs

For the hotel business, economies of scale dictate high density and high prices. As a representative of the Helmsley organisation remarked, "We still have the ability to house people in cities like New York at moderate rates—$50 to $70 per night—in our older hotels. But we have no way of building moderate-priced hotels at today's costs."

While business travellers can expect to pay more for their accommodation, the hotels are ever more conscious of the need to justify the price with lavish services and some unique extravagance. The Parker Meridien, one of more than 30 hotels operated round the world by Air France, boasts *nouvelle cuisine* cooked by acolytes personally trained by one of Paris's best-known chefs. As for the hotel's design, "the entrance promenade," according to the hotel literature, "is inspired by Gothic architecture and the ceiling of St. Peter's in Rome."

Hotels are now beginning to make special arrangements for the travelling business woman. Security is enhanced with encoded cards that replace keys, while shower caps are standard additions to bathroom amenities. The Parker Meridien in New York has designed L-shaped rooms with women in mind. In these, the bed is hidden away, so that business can be conducted in the room without requiring a suite.

"You'd be surprised what a difference it makes," said the woman who handles the hotel's publicity.

Serving business travellers is only part of the hotel industry's attempts to woo corporate clients. The Parker Meridien has set aside the top seven floors of its 41-storey hotel as flats with yearly leases. Already a third of those flats have been reserved for corporations anxious to have a central location on call for their executives on the move. Renting for amounts ranging from $45,000 to $500,000 (for a roof-top duplex overlooking Central Park) a year, the flats exemplify the trend to match the needs of wealthy patrons.

Expressing "cautious optimism" about the future of the hotel business, Mr. Arthuro Belsere, vice president and executive director of Doral Hotels of New York, considers that American hotels are still a bargain to international travellers. He has just overseen the renovation and restyling of one floor of the central New York Doral to create 18 executive suites, furnished with fireplaces in the sitting room, plus sauna facilities in the new marble bathrooms.

Such accommodation to the business and carriage trade is by no means confined to New York. In other cities, the effort to attract the best clientele can go to even further extremes where property costs can be replaced by service. The Hyatt chain is experimenting in Chicago with a new style of small, luxury hotels which will complement the company's long history of putting large convention-style hotels in the centres of once-dying cities.

Compared to the 1,400-room Grand Hyatt which recently opened in New York, the Park Hyatt has only 255 rooms, a minimum of public spaces and no check-in desk at the hotel entrance. Instead, guests will be greeted at the door by an assistant manager and escorted personally to a room where a maid will be waiting to fix broken buttons, press clothing and help guests to unpack. Hyatt plans as many as 15 such intimate hotels with rooms to rent from $110 a night in Chicago.

The phrase one hears for this expensive accommodation is "the European grand hotel tradition." Atlanta will soon have two hotels built by W. B. Johnson Properties in what the company calls "a residential style," with amenities to include fresh flowers in the room, chocolates at the bedside and Jacuzzi whirlpools in the bathtubs (two tubs per room).

Luxurious

The U.S. is now dotted with small luxury hotels which cater for the affluent travelling business man. Dallas has the Turtle Creek, a fully renovated 145-room mansion. The 117-suite L'Ermitage in Los Angeles was built five years ago at a cost of $12m, while the Marriott chain has taken over the Spanish-style Galvez in Galveston, Texas, with an investment for refurbishing of $10m.

A number of small exclusive hotels have opened in Washington, including the Dolley-Madison, a 44-room addition to the Madison; the Fairfax, which was renovated at a cost of $7m; and the Four Seasons in colonial Georgetown.

While American hotel chains are sprucing up their hotels in what they consider to be the grand European style, they are also moving into Europe to provide a more traditional, American-style middle-priced hotel. Ramada Inns which now have five hotels in Germany, expect to expand to 15 within two years. The Marriott Corporation, which has thrived in America on building luxury motels near major cities, is moving into Europe with new hotels in London and Paris, as well as five new hotels in Germany.

Although Holiday Inns is already strongly represented with 56 hotels in Europe, it is planning another half a dozen establishments. If the trend seems an odd departure from developments in the U.S., the reasoning reflects the same objectives of providing a good mix of luxury and family-style less-expensive hotels. While modelling their American hotels on European luxury, they hope to give Europeans "a taste of what America has always supplied best."

Mr. René Hatt, who expects to bring a taste of Europe to New York with his renovations at the Gotham Hotel, sees a combination of American and Europeans to be the best future of the hotel trade. European hotels, he says, "got lost in the details of service and needed the fresh wind of organisation from the States."

A freeze on prices

HOTELS IN THE U.K.

MIKE TOYNBEE

IN A spirit of death-bed repentance, British hoteliers are at last setting out to lower their rates to the long-suffering executive visitor.

Even the most hardened recidivists among them are at least freezing prices—sometimes for as much as two years ahead in the increasingly busy conference sector of the business.

London, naturally enough, is where the bottom has dropped out of the market most dramatically. On the one hand, the usually tireless American tourist has been slowed down considerably by unemployment and inflation, which has affected average London occupancy rates by a painful 10 per cent.

The strength of the pound, on the other, has also put off a high proportion of those Germans and French who used to come over to buy up everything in sight: the word has spread far that London is no longer the shopper bonanza that it once was.

During the fat years leading up to the Queen's Jubilee, London hotel owners grew accustomed to working in a seller's market, but the profitable combination of high rack-rates and high occupancy proved as ephemeral as the bunting. Now, with tourism as such falling off, Cinderella—in the shape of the long-neglected business traveller—is finally being invited to the ball.

A sign of the times is the emergence of frequent-user club cards, offering a range of services, discounts and bonuses mainly aimed at executives and their wives.

Thistle Hotels—which owns 10 London establishments, providing a total of 2,500 rooms—has beefed up its number of cardholders by some 150 per cent over the last year, to almost 25,000 members.

The group's corporate Trumpcard and individual Thistlecard qualify holders for a wide range of benefits (some of them on a one-off or time limited basis). The group has included a complimentary bottle of whisky or gin for each member's booking, free rail travel to London for the wife or husband of a cardholder, and cash advance facilities of up to £100.

New scheme

The U.S.-based firm of International Travel Card has chosen this year for its launch in Britain. The card, at £20 for a year's membership, qualifies holders for a second night's accommodation free at some 900 hotels in business centres round the world. The scheme has a number of London hotels on its books—including 13 hotels belonging to the Comfort Group, and the London Metropole—and is also accepted at hotels in Brighton, Bath, Birmingham, Leeds, Edinburgh and other centres. Members also receive up to 20 per cent car hire discounts in the UK, and up to 30 per cent overseas, as well as £5,000-worth of travel accident insurance.

Another card club designed simultaneously to fill empty rooms and chop costs for executive travellers is the Centre Hotels' Welcome Club, launched last December.

This deal gives an immediate discount of 84 per cent on the bed-and-breakfast bill, free weekend accommodation for a husband and wife of the cardholder, and free accommodation for a child under 12 sharing a parent's room. Additional attractions include a fast check-out service, reservations guarantee, and a 30 per cent reduction on cancellation charges.

Centre, in fact, has recently abandoned another idea, offering cut-price rooms on an airline-style standby basis to late arrivals, with 50 per cent savings, in favour of the more formal club system.

Comfort Hotels International, with 14 middle-of-the-market hotels in London, ranging from the Osterley Comfort Inn in Isleworth to the Curzon, just off Park Lane, has actually brought its rates down this year, with current prices for a single room, with bath and continental breakfast, ranging between £18.50 to £36.50. But given European inflation rates, even pegging prices has the effect of a cut.

Conference rates

Rank Hotels, for example, has frozen its conference rates at the Royal Lancaster and the Royal Garden through to the January-March period, next year. Residential rates for groups of six or more work out to between £40 and £45, depending on dates, including room, conference facilities, morning coffee, three-course lunch, afternoon tea and service; plus VAT.

Aggressive marketing is becoming a new feature of the UK hotel scene, with Grand Metropolitan and British Transport Hotels among the front-runners in this new hard-selling mood. The three points of concentration are the executive market, week-end "break" offers (the two-to-five day package is seen universally as a promising growth sector), and the development of hotels in the countryside and provinces.

London — with its fingers now as badly burnt from over-capacity as Munich after its Olympic Games — is, by and large, refraining from adding any new hotel rooms to the pool. Outside the capital it is a very different story.

While the Inter-Continental was the last major London hotel to be built — in the mid-70s — Hilton is opening a major new facility at Gatwick this year (actually connected to the airport terminal) and has put down the foundations for a new addition to the chain in Edinburgh, some three years away from completion.

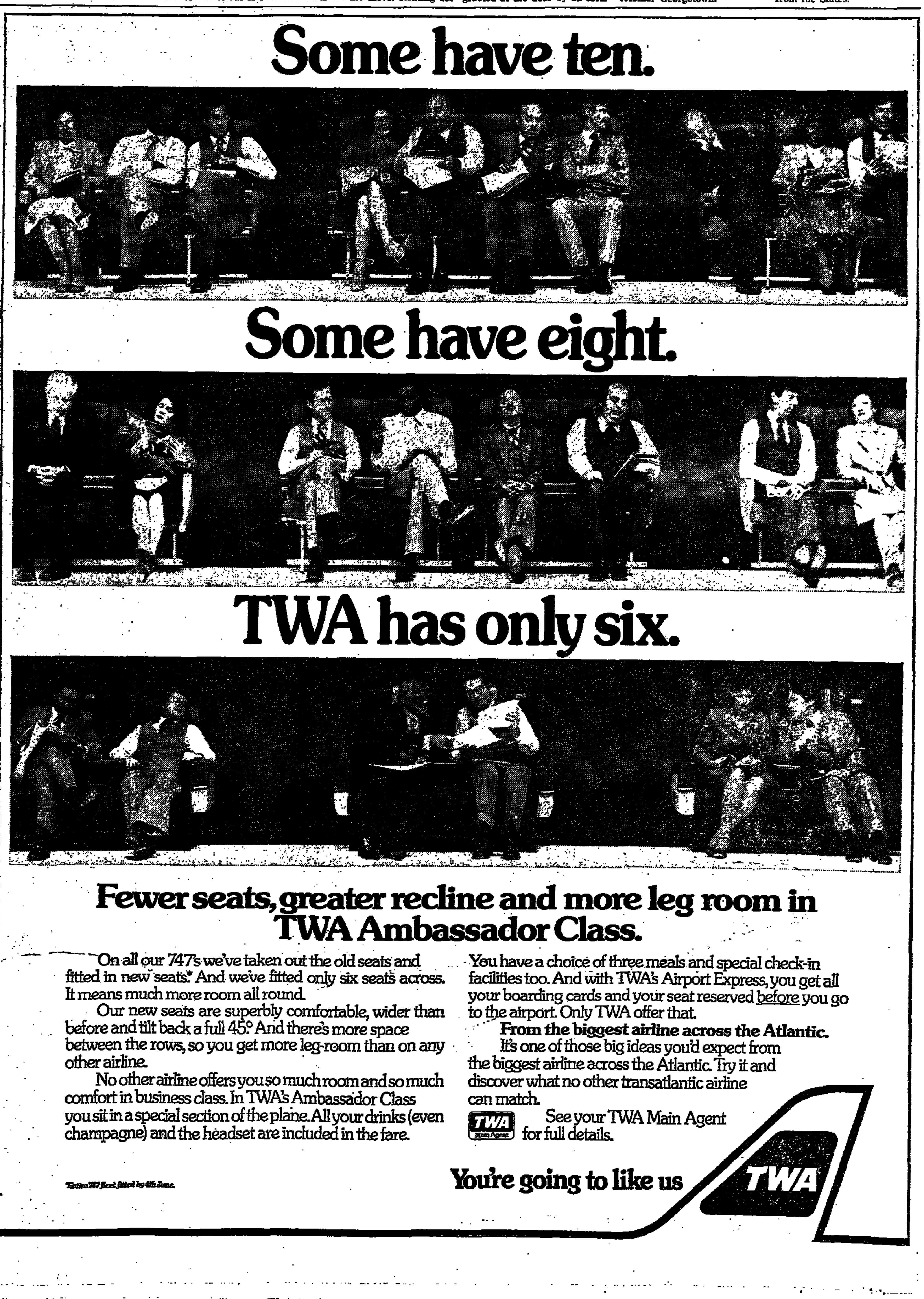
On a smaller scale, BTH has opened a new hotel at York — its first since 1968. Ladbroke Hotels is expanding as fast as it can go in the provinces: since last July it has opened or is about to open four hotels at an investment cost of £11.5m, in Lancashire, Berkshire, Warwickshire and Edinburgh, each of them with a four-star rating.

While the provinces flourish, medium-range London hotels are setting out to hold the line by a combination of hard marketing and judicious discounts. But hoteliers are not going overboard in an out-and-out price war: they still have gloomy memories of the price-cutting scramble between 1974 and 1976, when profit margins dropped sharply, with standards and service deteriorating equally rapidly.

At the top end of the market, hotel managements seem to be betting that clients in search of comfort and cossetting will remain loyal — even though there has been a mini-boom in the leasing of short-stay luxury flats in central London.

It remains true that it is more economical, class for class, to stay in Paris, Amsterdam, Düsseldorf or Milan, than in London. If the major London hotels have the patience and poker-player's nerve to mark-time on prices and streamline costs while the rest of Europe catches up, the tourist tide may well begin to flow back.

Meanwhile, it is still comforting to know that one can still book a room at the Ritz, at least, for under £40.



Dilemma for travellers

INFORMATION SOURCES

DAVID CHURCHILL

THE PROBLEM for the business traveller is not simply where to obtain the information for his travels. After all, there is enough published information about virtually every country in the world—apart from travel timetables—to fill several suitcases each.

Rather, the business traveller's dilemma is how to weed out from the piles of published information the most essential for his journey. In addition, the businessman overseas is conscious that his time is valuable: missed airport connections might be frustrating for the ordinary tourist, but for the businessman they can literally cost millions if an important contract is at stake.

The travel needs of the business traveller fall broadly into two categories: the best information for the actual travelling involved, and the knowledge needed in the country of destination.

Travel agents are a much-maligned group, although a large proportion of the criticism is often unjustified. The business traveller, therefore, has to consider whether or not he wants to arrange his own travel commitments or leave himself entirely in the hands of an agent. For the experienced traveller, there are several attractions for making his own travel arrangements, not the least being that if anything goes wrong in mid-trip he should easily be able to replot his travel schedule.

In addition, this arrangement enables him to ensure that he makes the best use of his time and resources. Even the most helpful agent will not be aware of *all* the factors that go into the making of his business decisions. So he will not be able to advise the traveller on, for example, whether an extra day in Sydney (which the businessman knows he can arrange because of studying the timetables), will pay benefits in the extra meetings squeezed in to the schedule.

On the other hand, there are advantages to dealing solely through a business travel agent. Firstly, he should be aware of the complex air fare structures and other concessions available for the travelling executive. (But even travel agents, as some independent surveys have shown, can be as confused about air fares as travellers.)

Secondly, the agent can take the administrative workload from your shoulders of doing the actual booking arrangements, although many executives would argue that the actual work is not beyond the capabilities of a competent secretary.

And, thirdly, the travel agent should be more up-to-date with his information, which could mean important savings in time, if the agent knows about potential bottlenecks ahead.

Revolution

However, it is becoming easier for the business traveller to make his own travel arrangements as a result of the electronic information revolution now taking place. A potential threat to travel agents comes from some aspects of the viewdata network. Some airlines already offer an on-line facility for the businessman, with a Prestel facility for checking flight times and a facility for filling in his own ticket, electronically. He enters his credit card number, and the reservation and payment is then automatically recorded in the airline's own computer.

The tickets are, at present, sent by post, but in the not-too-distant future it seems probable that the tickets could be "printed" instantly at the user's desk-top terminal.

The prime advantage of using electronic video terminals in giving travel information is that they can be made accessible to a number of potential customers, at the same time. Inter-city timetables operated by British Rail, for example, are already available over the Prestel system, which makes the information more easy to obtain than waiting for a British Rail telephone to answer.

The travel agents have responded to the greater availability of electronic information for the business traveller by setting up their own computer network, known as Travicom. These enable agents to make direct bookings and the tickets are printed instantly at time of booking.

The airlines also use Travicom to advise agents of problems with flights, strike, weather delays and other developments.

But even without the aid of electronic terminals, the businessman can have access to much the same information as used by travel agents. Most agents rely greatly on published reference works, which are commercially available. These publications are often published monthly or in loose-leaf form so that they can be updated regularly.

Schedules

Among the most useful of these directories are: The Agents' Hotel Gazetteer, which lists various European resorts and cities; the Travel Directory, listing all Association of British Travel Agents operators, agents, hotel groups, foreign hotels and their UK representatives, and coach and car hire firms; and the Travel Trade Directory, which is similar in listings to the Travel Directory.

In addition, there is ABC series of guides which covers rail, air and shipping schedules around the world.

Apart from the mechanics of travel, the business traveller needs to be aware of the conditions and prospects for business in the countries he is visiting. It is here that the traveller needs to sort out the essential information from the heaps of published data. Travel guides, for example, are basically aimed at the tourist market, so they often provide scant information about the businessman's interests.

Moreover, official government publications will also be widely available — but the businessman should be well aware that these will hardly contain objective information for his needs. Government information also tends to be bland and uncontroversial — at least, in its presentation.

Embassies

Business travellers will find that the British embassies and consulates will often be able to provide more useful commercial information about particular countries, although embassy officials may want to keep the information verbal and off-the-record, to avoid embarrassment.

A businessman's bank also is a potential source of good commercial information, especially if the bank has a wide network of branches overseas. Moreover, banks can usually provide letters of introduction to associated banks overseas.

The Financial Times itself is a valuable source of information for the travelling businessman. Last year, for example, the FT produced more than 70 surveys of individual nations or regions of the world, in addition to its normal extensive world-wide coverage of business affairs.

– The newspaper also publishes two useful volumes for the business traveller: the FT World Hotel Directory, and the Businessman's Guide to Living Costs Overseas. The latter's publication has been delayed this year, but should be available shortly.

Chambers of commerce are also a useful source of published information. The library at the London Chamber of Commerce, for example, contains more than 1,500 journals from Britain and overseas.

The British Overseas Trade Board is a valuable source of market intelligence as well as a wide range of help for exporters and businessmen travelling overseas to seek orders. Probably one of the biggest dangers for the travelling executive is over-confidence, generated by the fact that he has made successful trips in the past. But most experienced executives agree that a successful business traveller seldom obtains too much of the right sort of information.

A small selection of the many national surveys published by the Financial Times. These surveys are a valuable source of information for the travelling businessman

Financial pitfalls can be avoided

SOURCES OF FINANCE

DAVID CHURCHILL

APART FROM credit cards and travellers' cheques, the business traveller has several other options available for financing his travels. He also needs to be aware of the complexities of financial transactions, in the event that he suddenly needs extra finance to close a business deal on the spot.

One potential problem was fortunately eased in October 1979 with the abolition of exchange controls, which has eased the path considerably for moving funds abroad.

But probably the easiest way for a business traveller to avoid pitfalls on his journey is to inform his own or the company's bank before he travels abroad and thus arrange for banking facilities to be made available.

Banks can make it easy for the businessman to draw a sum of money up to a specified limit —in either sterling or the local currency—at specified overseas banks or branches. This arrangement also has the advantage of making first-hand local assistance available at an overseas branch, should difficulties occur.

There are various ways in which money can be sent abroad to a businessman in need of urgent cash for a business deal.

International money orders, for example, are basically pre-signed drafts for payment in sterling or U.S. dollars to overseas beneficiaries. Another system is mail payment orders which comprise airmail authority to an associated bank in an overseas country to pay a fixed sum to a named beneficiary in that nation.

A third system is telegraphic transfers, whereby cabled authority is given to an associated bank to pay a sum to a named person.

Urgent cash

These methods of payment are usually a last-minute reaction to an urgent cash need—but it is obvious that the travelling businessman should do all he can to be aware of the complexities of overseas trade before starting out on his travels. It may be that the businessman's company has a specific export department which has trained staff who can give advice on export finance. But the smaller company is best advised to seek the help of its local bank manager.

British banks, for example, can issue letters of introduction for presentation at branches of various other banks. These branches will provide the business traveller with local information and banking expertise, and possibly introductions to local trade concerns.

One method of dealing with export finance is the customs bond which enables a businessman to import his samples on a temporary basis into various countries without payment of duty. The bank will either issue these documents or, on the company's behalf, give a counter indemnity to a chamber of commerce which, in turn, can issue them.

Paying for imported goods—where this needs to be carried out in the country concerned—can be arranged through a bank by letter of credit or payment order where small amounts are involved.

Importing also involves the prospect that payment will have to be made in a foreign currency, which means that the exchange risk will have to be taken into account. Protection can be obtained either through a forward exchange contract or, in the case of a businessman with a two-way flow of trade, his bank can open a foreign currency account to match receipts and payments in the same currency.

Another method is for the businessman's bank to forward foreign exchange contracts. This means that the purchase or sale of a foreign currency can be fixed immediately and so avoid the future uncertain exchange rate movements.

Undoubtedly the best advice, however, for all businessmen travelling abroad who are likely to need to arrange finance is simply to try to plan ahead. But if in doubt, the banks' advice is for the business traveller to telephone or telex his UK branch for help.

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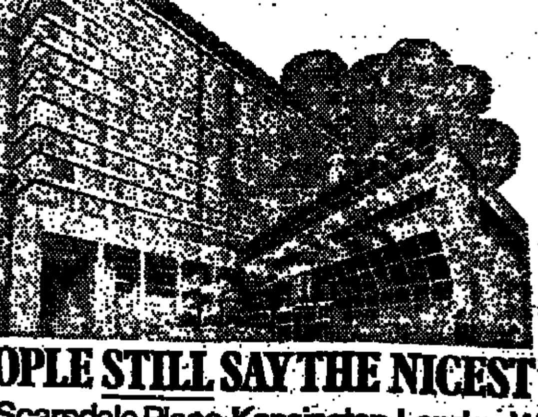

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Growing demand for plastic money

Credit cards can offer the businessman many advantages over other methods of payment

CREDIT CARDS

DAVID CHURCHILL

THE EXPENSIVE advertising battle being fought in the media between American Express and Diners' Club in a bid to attract new cardholders is a clear sign of how the credit industry is wooing the business traveller.

Both American Express and Diners' Club cards offer a wider range of services than those provided with credit cards in the generally accepted sense. Instead, they act as "travel and entertainment" cards, especially adapted for the needs of the businessman at home and abroad.

While ordinary credit cards, such as Access or Barclaycard, offer revolving credit, albeit at a high interest rate, both Amex and Diners' insist on the full amount being repaid at the end of the month. They are therefore particularly suitable for the business traveller who needs access to a high level of credit on his travels—to pay for air fares, hotels and entertainment—but whose company does not want to pay the interest charges associated with normal credit cards.

Even so, a large part of the business travelling market is taken up with all types of credit facilities for travel and entertainment—it is hard to imagine the serious business traveller who does not own and use at least one of the credit cards. Estimates suggest that at least 60 per cent of all hotel and restaurant business is done through these cards.

Many hotels, especially in the U.S., are also poorly equipped to deal with the cash-paying customer and prefer a credit card paper transaction.

Businessmen travelling overseas should remember, moreover, that using credit cards has a number of advantages over other forms of payment. In the first place, they are relatively easy to use, widely accepted, and are much safer to carry than cash. Business travellers are prime targets for theft and muggings in some foreign capitals.

Secondly, in many countries the national government prefers the use of credit cards by visitors especially if the countries concerned have strict currency regulations. Credit cards avoid the trade in notes which all authorities find extremely difficult to police.

And, thirdly, credit card payments provide an instant record of a businessman's travelling expenses for use in reckoning up with the company accountant on his return.

15m cards in use

The travel and entertainment cards—such as Amex and Diners'—are mostly suited to the businessman's needs. American Express has around 900 subsidiary offices throughout the world from which it can help to book hotel rooms or air flights. Of the 15m or so travel and entertainment cards now in use, American Express has about two-thirds of the market.

Diners' Club is in second place with about a fifth of the market, followed by Carte Blanche and Eurocard.

Although American Express runs its own operation throughout the world, the Diners' Club system is a franchise run by different companies in each country. Last December, Diners' Club was acquired by Citibank in the U.S., which already owns the Carte Blanche card, but it is not yet clear whether or not there will be any major changes in the structure.

Owning one of these "upper bracket" travel and entertainment cards involves a somewhat more extensive initial credit checking by the companies, since there is virtually no limit on credit allowed. Therefore, business holders of the cards are especially welcome, since they are normally good credit risks. Although companies issuing the travel and entertainment cards do not charge interest on the outstanding balance over the month, they do charge an initial membership fee and an annual subscription.

It was the growth of business and personal travel over the past decade — and the growth of the travel and entertainment cards — that prompted the traditional credit card companies to improve the validity of their cards overseas.

Barclaycard, through its membership of Visa International, has some 3m retail and service outlets available to card-holders in 130 countries. Card-holders can use these facilities to draw cash, subject to their personal limits, from 80,000 branches worldwide which accept Visa, or pay for hotel bills, car-hire and so on, or to buy travellers' cheques and foreign currency.

Insurance

Barclaycard also offer free accident cover for the card-holder and immediate dependants involved in the journey if the card is used to pay for the whole or part of fares involved.

Access, the other major UK credit card, has linked up with both the Eurocard and Mastercard operations which also gives its card-holders access to some 3m outlets throughout the world. But about 2m of these, however, are in the U.S., through the Mastercard connection.

The Trustee Savings Bank credit card, Trustcard, is also part of the international Visa network.

A further variation on the plastic card theme for business travellers are the "in-house" payment cards operated by car-hire companies, some airlines, and hotel groups. These enable the user to charge his travel or hotel bill directly to an account opened in his own or his company's name.

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Fierce battles in the European market

TRAVELLERS' CHEQUES

DAVID CHURCHILL

THE GROWTH in popularity of "plastic money" during the past decade has done little to dent the popularity of travellers' cheques.

The increase in demand for travellers' cheques, especially in the relatively untapped European market, has led to fierce battles over the past few years between the major operators for market share. There are now signs of a return to stability in the market.

Travellers' cheques have always had rather an old-fashioned air about them since, in one form or another, they have been around for most of this century—in contrast to the newer credit cards.

Thomas Cook has always been associated with Travellers' Cheques, since it was one of the first institutions to issue them. In 1905, for example, it first issued travellers' cheques in dollars—and it is dollar travellers' cheques that have proved most popular over the years.

Exchange rates

Americans abroad are quite happy to use travellers' cheques as cash, paying for small items such as meals or coffee, while Europeans abroad tend to exchange their cheques in banks or hotels. However, cashing travellers' cheques in such establishments can often mean a lower rate of exchange.

When visiting the U.S. it makes most sense to take dollar travellers' cheques and to use this as an alternative for cash or credit cards in hotels, restaurants and shops. Americans have often used travellers' cheques for domestic travel, so there is widespread acceptance of this system — much more so than in Europe.

Travellers heading for the European continent would probably be best advised to buy cheques in the currency of their destination country, rather than in Sterling. This is because the exchange translation has already been completed and acceptance of them may be broader.

Some business travellers may decide that their specialist knowledge of the currency markets justifies trying to "play the markets" — but one has to consider the extra time needed shopping around for the best rates.

The growth in the size of the travellers' cheques market owes much to the boom in world tourism during the 1970s. Suddenly, air travel became within the reach of the mass market and the new generation of travellers wanted the peace of mind and guarantees of acceptability and refundability that travellers' cheques provide.

From the point of view of the issuing banks or other financial institutions, travellers' cheques have one great advantage. This is the time-lag between the bank being paid by the customer for the cheques and the cheques being cashed. The longer that cheques remain uncashed, the more money that the banks can earn from short-term deposits.

American Express is by far the world's biggest travellers' cheque company, with about 60 per cent of the market. The rest of the market is fragmented between Bank of America, Citicorp, Thomas Cook and Visa.

Visa, after only just over a year of operation, has already captured some 10 per cent of the world market and a fifth of the European market.

A major challenge to the dominance of American Express also came in March this year when a joint venture was announced between Mastercard and a group of European banks known as Euro Travellers' cheque group (ETCI). This group has also arranged to purchase the Thomas Cook travellers' cheque business.

The lure of the new Visa and ETCI travellers' cheque operations is the virtually untapped European market which, by 1985, could double in value from the present $8bn.

From the point of view of the traveller, the increased competition — especially in Europe—can only be of benefit. One key area is the question of refunds should the cheques be lost or stolen.

Networks

Most of the major operators, such as American Express and Thomas Cook, have worldwide networks of offices and take pride in their claims of refunds within 24 hours. American Express, for example, has more than 60,000 refund points throughout the world. But there are many travellers' stories of stolen cheques taking much longer to refund than 24 hours—although the cheque companies would argue that this is often the customer's fault—such as by not leaving a sufficiently clear forwarding address.

One alternative to travellers' cheques is to take cash and to insure against loss. While banks usually charge one per cent commission when issuing cheques—and the cashing bank also makes a charge—it can cost far less to insure the cash against loss.

Although credit cards and other forms of finance are as attractive to the business traveller one advantage of using travellers' cheques is that they provide an instant impression of how much is being spent and whether or not a businessman is going over his budget for the trip.

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The new marketing war is good news for customers

CAR RENTAL SCHEMES

ARTHUR SANDLES

One interesting example of the fierceness of the car rental marketing war is seen in the way that Hertz and Avis are both offering an ever more speedy service to regular customers. Above: a rental agent gives route guidance to a businessman in central London

THE CAR RENTAL business won a reputation for hard hitting management style, and particularly for marketing prowess, in the sixties. To say that the image for managerial skill has been put to the test over the past 18 months would be to understate the case.

Car rental has seen the rules of its game change considerably. The lush pastures of international tourism are proving not to be the fertile areas they once promised to be. Escalating capital costs and falling second-hand values have disturbed the economies of fleet operation; customers have become price sensitive and less brand loyal; and there is less custom around in the first place.

To understand car rental, and its ability to withstand the present marketing problems, is to realise that it operates on numerous different levels. In most countries the major household names such as Hertz, Avis, Europcar, Budget have only a minor share of the total business.

The bulk of the market is held by small independents whose business is often a sideline. This gives the total market considerable flexibility. Rental car capacity can expand or contract almost as quickly as the bed-and-breakfast business.

Another secret of car rental is the fact that it is as much about the margins between buying and selling, and about the usage of the car while the rental company owns it, as it is about rental rates themselves. The plain fact for the rental groups in recent years is that the margin between purchase and resale value has gone very much the wrong way. The bigger the gap between the two the larger the amount the rental company has to load onto the basic fixed costs which are written into any rental deal.

All this helps explain why the car rental groups have placed a marketing emphasis in recent months on the business user. They are desperately keen to improve brand loyalty and to even out customer demand. It is the companies which concentrated on the business market even when the boom years of the sixties offered tourist temptations which are now reaping their rewards.

The deepening fierceness of the marketing war produced by the various current economic factors is, of course, good news for the consumer. Individuals and companies alike are being wooed by special offers and tempting advantages. Perhaps the most interesting example is the way Hertz and Avis are fighting to offer ever more speedy service to their regulars. Hertz has made a lot of noise about its RAPID system with its impressive computer link and the elimination of much of the traditional paper work of car rental. Avis's own computer system, promises regular customers paperwork processing in seconds—time was when Avis used to boast of its four minute service.

For all this, however, the main conversation piece on the European market in recent months has been speculation on the effect that the Europcar acquisition of the Godfrey Davis car rental interests will have on the market place.

Strength

Godfrey Davis' traditional strength has been the main body of the British business market. Locked out of much of the glossy international traffic by the American based groups it concentrated on what proved to be the highly profitable domestic bread and butter. With its considerable retail branch presence, and particularly its association with British Rail, the company has carved a niche which while perhaps not unassailable is certainly impressive.

Europcar has acquired this healthy off-shoot at a fascinating time. Fascinating not only because of the difficult market conditions but also because the very heartlands which proved to be so useful in the growth of Godfrey Davis are the ones which fast-growing Swan National is so eagerly attacking.

While it was the battle between Hertz and Avis which attracted attention in the 60s and 70s, it may be the war between Europcar / Godfrey Davis and Swan National which causes a stir in the 80s. Already Swan National has shown its intent by moving into on-airport locations at Heathrow—a sure sign of a determination to stay and grow in the big league.

The battle between these two companies will be echoed in markets around the world, for the problems of the car rental groups are little different wherever you look. At the moment it is difficult to suggest what this is going to mean for the customer, apart from the fact that the sales pitch will grow shriller and the determination to please more exaggerated. Oddly enough there is a possibility that the one problem it might give customers is the sheer availability of cars.

When demand is buoyant, secondhand prices are high and the market less price sensitive, there is considerable unwillingness on the part of rental companies to turn customers away. Back once again in those balmy sixties and seventies the customer was fairly sure the rental companies had a few cars more than they needed.

That certainly is not the case anymore. Most rental outlet managers would sooner turn away a few people than have cars stuck out in the back-yard for days at a time. An idle car, even a small one, can easily be eating £5 a day or more in lost value. With rental companies desperately trying to maintain their margins there will be considerable pressure on customers to book ahead.

There is little doubt that the growth of clever reservation systems and centralised bookings is part of this pressure. Customers will be offered rewards for co-operation—a nice smile, quick service, and even perhaps advantageous rates—but the real object of the exercise is to maximise fleet usage by the company concerned.

A motor car is an expensive piece of hardware. The rental companies hope that more and more people, and organisations, will decide that cars are too expensive to own and that occasional rental is the answer.

That has been the dream of the rental organisations for a very long time. Meanwhile they will have to exist by "cutting each other's throats" in the market place.

Large savings can be made

BUSINESS PACKAGE MARKET

ARTHUR SANDLES

ALTHOUGH the business world has got the message about low air fares—it would have had to be deaf to have missed the row raging around deregulation and Sir Freddie Laker—there is still a degree of ignorance over business packages.

Perhaps the very word package is the problem. The image of packed jets with the bucket and spade brigade spilling sand into your Campari, should you be fortunate enough to be served with such exotica, is still a strong one. But the business package market is growing and the difference between it and the Costa Brava package can be considerable.

The packagers work on an elementary basic principle—you can get a better price when you buy in bulk. Business package companies are therefore in the business of buying airline seats and/or hotel beds and putting them together at a lower price than the individual can match.

This does not necessarily involve making a trip to a fringe airport and travelling with hundreds of others who are desperately trying to save money. A clever packager can negotiate good rates from hotels simply by sending a few dozen, or even just a few, customers every week. By putting those rooms together with the best possible airline fare he can often produce a bargain.

Conferences

The most obvious area where packages come into their own is for conferences and exhibitions. There are times when the use of a package company may be the only way of getting a reasonably central hotel since most of them will have block-booked rooms. Such events, with their set schedules, are happy hunting grounds for bulk buying, but by no means the end of the story.

Any traveller planning a few days in a major foreign city, or even a tour of a long haul destination area, should first check out the package market. A good starting point is the advertising pages of such magazines as Business Traveller and Executive Travel and Leisure, which can be gold mines as far as basic guidance is concerned. Your own travel agent or travel manager should also be able to come up with helpful suggestions, as should a trade association if a conference or exhibition is concerned.

Real experts at the low price travel game have long since stumbled across such little marvels as Pegasus (part of the Saintseal group) which does packages to most major European cities year-round, and Falcon, which has a long standing reputation for low cost travel to Switzerland and in recent times has added to this reputation with trips to other European destinations.

Another company worth trying for European trips is Time Off, which has a remarkably flexible mix and match system of selling European city trips. It is particularly strong for Paris, Brussels and Amsterdam.

At this time of year, as the seasons and prices change, it is dangerous to quote prices. However, careful use of the packagers ought to be able to save as much as 50 per cent on the price of a European trip ex-London and, while the saving may not be as great on the longer haul trips, there is also a vast saving in time and temper. A company such as Oriental Magic, for example, offers its customers all the component parts of Far Eastern tours and lets customers construct their own trip, building in required destinations and lengths of stay, while benefiting from lower rates and centralised booking.

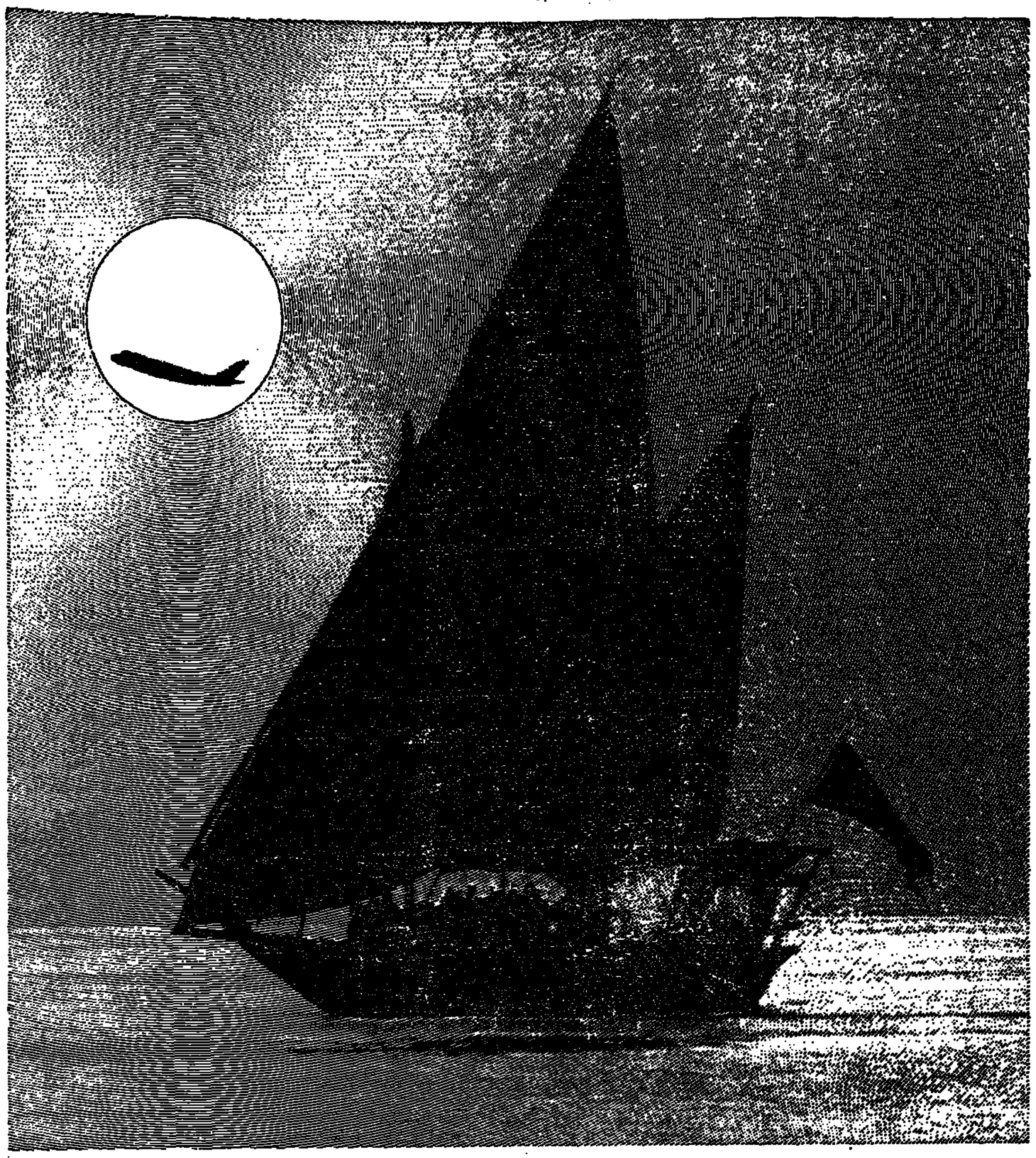
Limitation

There are drawbacks to the package business, in spite of the fact that many of the packagers use luxury hotels and even first class air travel. The major loss to the package traveller is flexibility, not in planning but in altering schedules. Having bought a package it is very difficult if you have a last minute change of mind or require a mid-stream change of destination.

There was a time when this limitation was too much for most business travellers. Today internal corporate pressures are such that the need to leave on a specified day, and the requirement that no alterations are made to a trip once the booking has been made (and such rules do not necessarily apply to all packages) is regarded as a small price to pay for the cost savings so often involved.

Most of the major business travel houses are deeply involved in packaging, certainly as agents and quite often as principals.

A business person planning a trip to a major city—knowing that a prearranged schedule is unlikely to change—who does not explore the possibility of package travel, will soon be a member of a rare species.



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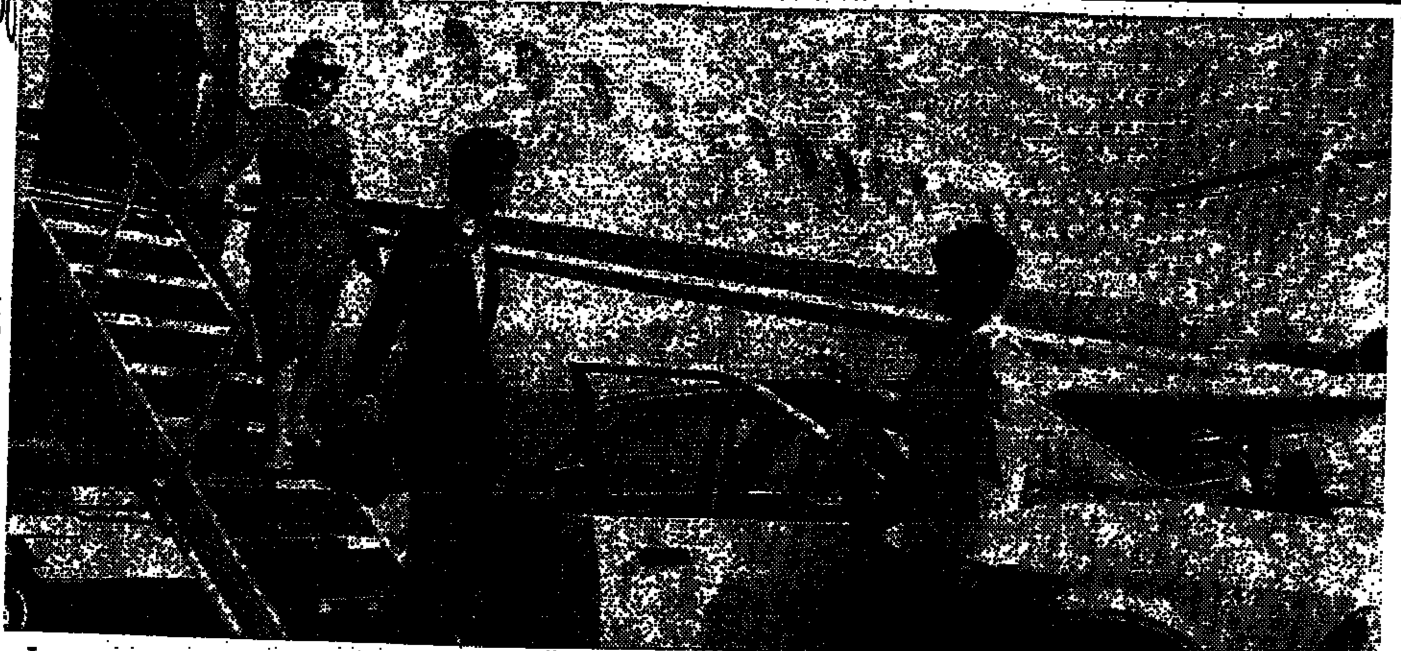

In a new joint venture, Dan Air and Hertz UK are now offering a combined flight/drive ticket. Any passenger within the UK can reserve a selected car to meet him at his destination airport for Dan Air's scheduled services

A steady market despite the recession

SPECIALIST AGENCIES

ROBERT MONEY

THERE WAS a time when it was fun to travel on business—and fun to make the bookings. Nowadays, it is far more complex—different fares, assorted airlines, alternative routes: where to go, how best to go and when—such questions daunt the businessman as he contemplates his intended journey.

As the recession puts more pressure on company budgets on one hand and, on the other, the increasing need to travel in order to win overseas orders, it is no wonder that some veteran businessmen perhaps look back in nostalgia to the more relaxed and stately days of the Imperial flying-boats, when the world seemed so much larger than it does today.

The way that many airlines have developed has not particularly helped the business traveller, who for years has often been taken for granted as the airlines' "bread and butter market."

He or his company goes on paying the full fare because he has to travel, anyway—and to go when and where the business dictates. The empty seats around him have since filled up with tourists, often paying half as much. Furthermore, the international business traveller has little alternative either, since most journeys today involve an airline as the main means of travel—flying is not just the quickest way, but is often the only way to reach some places.

Competing airlines are realising more than ever the value of this near-captive market and some are introducing new ways to satisfy the demand for better facilities. For example, there is an increase in the Club Class style of accommodation (even by abolishing First Class, in some cases). Inducements of all kinds are being offered—such as special fare packages, destination marketing statistics, even free visiting cards, printed in Japanese.

Such inducements may hold some of the dissipating loyalty of business travellers, but with the fierce competition for passengers of all kinds (particularly from the independent airlines; led by Sir Freddy Laker), plus the impact of the fare wars which developed after deregulation, it is almost impossible for the less-informed layman to work out the best and most economical way to fly anywhere. Most of the travelling public does not understand the complexities of modern fare structures and timetables? (let alone I.A.T.A. regulations), and I suspect that most travel agents and even airline staff do not fully comprehend them, either.

Value for money

The basic problem, as always, is how to obtain the best value from one's money. And the answer, as usual, is "horses for courses"—if you cannot shop around for the right information and the best bargains, find someone to do it for you, such as a good in-house travel manager for the company, or use one of the specialist business travel houses.

Since Thomas Cook started arranging other people's travel, it has become big business, developing into an industry of bewildering complexity. Outside the more fashionable glamorous holiday arrangements, business travel alone in Britain represents an annual expenditure of around £1.2bn. Most of this—some £1bn—is handled by specialists who are members of the Guild of Business Travel Agents: a closely-knit limited-membership trade association, representing 64 experts in the complex field of business travel—ranging from some large, well-known companies, with many branches, to the small but highly-efficient specialists.

Between them, GBTA members represent nearly 1,200 outlets out of around 4,000 UK travel agents. Moreover, their boast is that three-out-of-four tickets sold by international airlines in the UK are issued through guild offices. And it is here that the really creative, effective work is being achieved, both to improve the travel experience and reduce the cost for the travelling businessman.

Travel agents, rather like car dealers and estate agents, are a mystery to many people. There is the feeling, now and then, that one might be "ripped off" whenever anyone is taking a commission from a principal. Dealing with travel arrangements is rather like organising someone else's life while they are temporarily away from home — a sensitive, subjective business: which is why it is so important to ensure that everything operates smoothly on a busy business trip.

There is little margin for error in business travel — the difference between the ordinary travel agent and the business specialist can be summed up by Mr. Hugh Holloway, of Lunn Poly (one of the market leaders, with 60 retail outlets, and part of the Thomson Organisation), who comments that "it's knowing, for instance, the time it takes by taxi from New York's JFK airport to La Guardia, rather than describing the colour of the sand in Marbella."

In today's over-crowded and swiftly changing travel trade, some of the business travel specialists stand out as the innovators; their aim is to obtain the best value and service for a client, and will go to great lengths to achieve this.

Many companies in the past have left travel arrangements to the secretaries of individual executives, while maintaining loose ties with agents, as well as hotel chains, car hire companies, and even airlines. Today the value of even some of the smaller business-house accounts makes the industry rather like the advertising world — with potential "billings" of £1m to £2m on one account, and each the subject of poaching, deliberate erosion and permanent competition from other agents.

It is a steady market, too: despite the recession the amount of business has not diminished — just the amount paid for it, which speaks of efficiency in the business travel sector, on the part of some agents.

In the long term, however, a contraction is expected in the industry, resulting in fewer, more professional agents, all fighting for a share of the national business travel market, with GBTA members well to the fore.

Professionals

So, what can the business travel specialist provide? The answer is, essentially, a professional consultancy service, offering the best combination of flights, stop-overs, side-trips and so on, at the most economic prices, usually obtained through bulk purchase discounts, but also by clever use of special offers and business packages on offer from carriers. The service normally includes the delivery of tickets, plus arrangements made for passports, visas, currency and vaccinations, as well as hotels, car-hire and transfers—all quickly available on a 24-hour basis, plus a full-scale back-up information service.

The major operators have installed the latest computer-linked equipment to speed up the sometimes voluminous paper-work: some, like Travicom (the airline booking system which handles enquiries, reservations and confirmations) are linked to electronic processers which print tickets, itinaries and invoices, thus removing most of the human errors and delays.

Perhaps the most valuable function of a professional business travel specialist is the ability to provide accurate, up-to-the-minute information on almost any aspect of travel and accommodation overseas. If, for example, a businessman arrives in a strange country after travelling several thousands of miles, only to find that it is a religious holiday, does not say much for the planning of one's travel expert.

Most businessmen who travel extensively have been faced, on the odd occasion, with the wrong visa or incorrect financial knowledge—even a required medical injection, which can sometimes be given upon arrival at the overseas airport.

In some cases business travel agents have set up information units which gathers fast-changing material from many travel sources and then issue regular data "digests" to clients and staff. Some of the larger agents — for instance, Hogg Robinson — even report on a monthly basis to their clients about travel expenditure, with sometimes dramatic results. On one major account a saving of 10.57 per cent achieved by judicious planning and control, says Mr. Michael Gates, of Hogg Robinson.

"Business travellers are keen to obtain the very best value for their money — and for that they need a professional travel consultant and air-fare broker," he says.

The use of the term "broker" is apt. Both Hogg Robinson and Lunn Poly produce special programmes — called "Cost-saver" and "Cost-cutter," respectively — showing savings of up to 50 per cent on business packages to a number of destinations. These successful programmes usually include a minimum of one night in a "throwaway" hotel, with an optional extra charge for better-class accommodation.

Service

On behalf of the customer, the agent can work wonders by imaginative use of package prices, sector mileages and knowledge of international airline systems and IATA regulations.

A valuable extension of the services of a bigger business travel agent is the implant office; for the company with a hefty travel bill, for instance, Hogg Robinson will consider transferring its own staff to an "implanted" office in a client's premises if the travel turnover is above £200,000 a year. There is a direct saving in staff costs for the client in this arrangement, as well as improved efficiency because of the personal communication with the people who travel.

Lunn Poly, for instance, employs 14 people in its office at the Shell building in London, but it is also quite normal to find a one-man "implant" in smaller companies, which, because of the nature of the business handled, can be highly profitable.

However, it is not just an efficient business travel service (lucrative as it is) which most of the guild members offer. There is of course a hefty spin-off into "normal" forms of travel — holidays and personal trips—which can be offered as part of the service, and often at discounted rates.

Some of the High Street retail offices of the larger business-oriented travel agencies are the best-equipped in the travel business, although they often tend to specialise in more expensive and exotic holidays.

Other specialist agencies operate mainly in the conference and exhibition market, while other agents are experts in incentive travel, or for particular areas of the world, such as Eastern Europe or the Far East. There is a trend, however, for these agencies to be assimilated as part of the contraction process into the operations of the major offices.

Commenting on the future of business travel agencies, Mr. Harry Pearce Sales, secretary-general of the GBTA, said that member-companies "do not agree with those who are currently saying that within a few years travel agents will be just ticket distribution centres.

"They also do not believe that the business traveller will ever want to try do-it-yourself travel on his missions abroad. Why should he! He will continue to hand his arrangements to fare construction experts in the guild companies, who can assure him of the most efficient and economic ways to travel."

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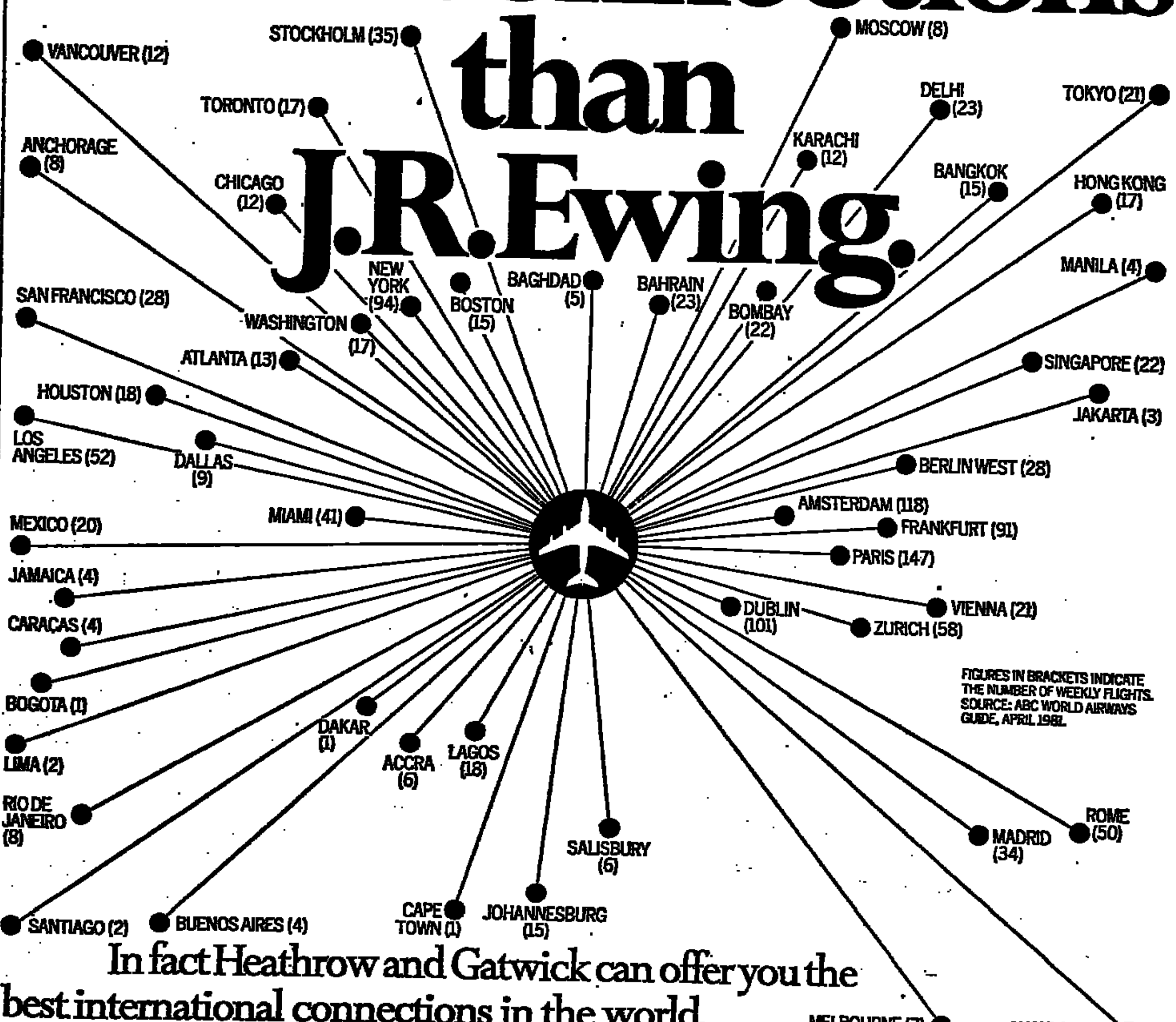

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Heathrow Gatwick

No efforts spared to attract more Inter-City passengers

RAIL SERVICES

LYNTON McLAIN

BRITISH RAILWAYS, to its credit, is prepared to try almost anything to win the hearts and the purses of business travellers for its Inter-City train services. Just last week, for example, the 8.46 diesel express for Derby pulled out of St. Pancras to the incongruous sounds of the guard speaking over the intercom in four languages—which four languages was not quite clear: suffice it to say that the guard confirmed in his four chosen languages that the train stopped at Luton.

Another guard, this time on one of British Rail's prestigious 125 mph diesel flyers on the straight and fast north-east coast line, chose to address his passengers in a tone and a manner reminiscent of a church sermon from a contented cleric.

These pleasing touches of humanity on a rail system which, in Britain at least, is becoming ever more concerned with hard cash (or lack of it), invariably brings a smile to the otherwise rather preoccupied faces of the typical British Rail traveller in the early 1980s.

Reflection

Times are hard for the businessman, as well as for British Rail, and the depression in demand for industrial products is grimly reflected in the latest figures for patronage of Inter-City by the business community. British Rail said the mid-1980 decline in business travel caused the volume of business travel to fall by 2 per cent over the whole year. This was, under the circumstances of the deep depression, only a modest fall and must in part reflect the success of British Rail's glossy promotion, publicity and marketing drive.

Despite the fall in volume, revenue from Inter-City services rose by 20 per cent in 1980 to £460m. This reflected the double blow for passengers last year caused by the failure of British Rail to keep inside its self-imposed target of only one increase in fares every 12 months.

Fares rose by an average of of 19.6 per cent in January last year, but much higher—almost 30 per cent—on some popular Inter-City routes. This rise in fares was compounded by the second rise on November 30, when fares rose again, this time by an average of 18.5 per cent.

Lower average increases were applied in this November increase to help BR's 600,000 commuters, season ticket-holders, many of them business travellers.

These increases, however, proved to be insufficient for British Rail to meet its forecast budget revenue target for Inter-City. The shortfall, coupled with rising costs, including the 20 per cent pay increase awarded to railmen in May, last year, forced British Rail to cut services on Inter-City.

These cuts, amounting to 4 per cent of Inter-City train miles last year, affected mainly the lightly-used services at weekends and evenings. Train capacity may have, as a result, been brought more closely in line with demand, but the decision to cut out even a small part of Inter-City, British Rail's prime revenue earner, must have caused ripples of anxiety at BR headquarters.

The impact of the recession was reflected also in the performance of BR in terms of the interim financial target for Inter-City which BR agreed in March last year with the Transport Department.

Under the target British Rail agreed to achieve a contribution by Inter-City by 1982 to indirect costs of £159m (at 1980 prices). The indirect costs are the costs of the signalling, the track and its maintenance and other aspects of the operation of Inter-City which are not direct operating costs, such as fuel and wages. In the case of Inter-City, the indirect costs contribution is the surplus of revenue over direct expenses.

The results for 1980 showed that Inter-City failed to make the necessary progress towards the agreed target and ended the year with a contribution to the indirect costs of £92m, compared wih the planned level of £190m.

This performance, if continued, is likely to make it more difficult for the Government to agree to substantial increases in the investment ceilings which BR claims are essential to prevent the rail network wearing out, for lack of renewal of equipment.

Signs of age

Parts of the rail system, such as the electric 100 mph locomotives on the Euston to Glasgow and the north-west of England route, are already showing signs of age. Some of the locomotives are approaching the end of their design life and are becoming increasingly costly to maintain.

Track maintenance has already been cut back and spending on this area fell by 2 per cent last year to £4,552 a mile. One result will be an increase in the number of speed restrictions on track.

Last year 193 speed restrictions were imposed by BR on its rail network; and this year, because of the worsening financial position of British Rail, the total is expected to be as high as 500 speed restrictions.

This will inevitably affect the quality and the reliability of the Inter-City services which British Rail offers to business travellers. Last year, however, despite the problems of an ageing rail system and equipment, punctuality on BR's trains (Inter-City and suburban services) improved by 2 per centage points and the number of passenger trains cancelled was 50 per cent less than in 1979, when 3.1 per cent of all trains on the timetable were cancelled—the worst performance for at least five years.

Punctuality, as measured by the number of trains arriving on time, or less than five minutes late, reached a recent low of 87 per cent.

Train catering is also an area of interest among business travellers, and many travellers welcome the opportunity to use the time spent travelling to eat meals en route. This applies especially to breakfast—the famous British Rail kipper still provides many a business traveller with a pleasant, if aromatic, start to the working day.

Business travellers who have planned to achieve a good days' work in, for example Birmingham, Manchester, Liverpool or London, often depend on the availability of this breakfast and leave home at the crack of dawn without so much as a cup of tea.

Last year, however, British Rail cancelled or reduced the level of its catering services by almost 5 per cent. In other words, for every 20 trains advertised in the timetable as offering catering services, one was cancelled or cut back. Further cuts may prove unavoidable this year.

Trevor Humphries

Despite a fall in volume, British Rail's revenue from Inter-City services rose by 20 per cent in 1980 to £460m. Above: the 125 mph Flying Scotsman en route from London to Edinburgh

Useful rules for the traveller

ACCESSORIES

ARTHUR SANDLES

THERE ARE a few simple rules about travel and luggage which should be observed whenever possible.

Never have more luggage than you personally can move a reasonable distance in one go; and always have one piece of hand baggage which, if everything else is lost or stolen, will see you through at least the first 24 hours.

If you are one of those fortunate travellers who can always find a taxi/porter then the first does not apply to you. But then you are probably one of those people whose baggage is never lost by airlines either.

I, however, am accident prone Once the airline lost my main bag and then I had my remaining hand luggage stolen from my room.

The luggage problem is one that most travellers find insoluble. Those who claim to have solved it often have some other sort of secret weapon—such as a willingness to buy new shirts and discard dirty ones, or the possession of a string of branch offices which will answer any need.

Clothing is not the difficulty. My own problems stem from the fact that journeys seem to breed paper—and paper weighs extraordinarily heavily — and from the difficulties produced by my addiction to gadgets.

Equipment

No bag is completely packed without my short wave radio (now the bulky but supremely effective ICF 2000 by Sony), micro-cassette tape recorder (make sure you buy the type that will take two-hour tapes), coffee-making equipment (normally just a portable immersion heater, but for the real wilds a fully-fledged but small percolator) and supply of coffee, camera (the best travel camera at the moment must surely be the Olympus XA), travel binoculars (a pair of Leitz Trinovid 8 x 50s can be had for around £120 in London), power supply adaptors, voltage converter, torch, sewing kit, basic medical supplies of course, a corkscrew and a miniature radio alarm.

Real connoisseurs of the gadget business would regard the above as a pretty meagre collection. Many of the other gadgets do not do the job they are supposed to. I have my doubts about little machines for taking the wrinkles out of clothes and would like to hear more from anyone who has tried the various portable door locks, security sirens and smoke detectors that one sees around these days. I am grateful that shorter hair is back in fashion so that my hair dryer can be left at home (for women, or those with long hair still, the Clairol Travel dryer is superb, being both powerful and compact). Travel irons are a doubtful asset. If they work they are heavy and often are not dual standard, simply taking twice as long to heat up on low voltage.

Even if most of these items are tiny when compared with their normal domestic equivalents they take up a fair amount of space. Recommended travel clothing therefore tends to be a couple of classic blazer suits, one in navy and one in grey which can be mixed; simple white or pale shirt in poly/cotton (don't forget the travel washing liquid); a spare pair of shoes; assorted ties, socks and underwear; and a pair of jeans for emergencies.

In theory it sounds splendid. In practice there is always the moment when, as in Calgary last week, some terribly nice business contact presented me with a cowboy hat—too expensive to throw away, too noticeable to wear (particularly to my next destination, New York) and devilishly awkward to carry.

Best buys

For such eventualities I now carry a couple of those parachute fabric bags launched by Le Sportsac. You can get various copies of the original idea these days. I certainly regard my two, now two years old, as among my best travel buys. They are extremely useful for the additional items and presents acquired on trips.

As far as basic baggage is concerned the main rules are that it should be strong and identifiable without being over glossy. The way today's airline's handle baggage I would not dare commit to their tender care some of the more exotic pieces of luggage seen on sale. Exotic bags also attract thieves.

Being able to identify a bag in crowded air terminals is important, and particularly when someone else has volunteered to save you the effort of finding it. Sticky fluorescent tape works very well for such identification.

Whether bags should have firm or soft sides, is a matter of personal taste. The well-organised always seem to have the firm, shell type bag, while the disorganised, like me, struggle with bursting soft bags into which bottles and breakables cannot be pushed.

It seems to be a good time to buy luggage. Shops are overstocked. Among the best buys are end of line Samsonite bags, which I have seen at heavily discounted prices in London and Manhattan in the past week. Among new Samsonite products is an excellent range of soft bags particularly suitable for carry on purposes. At the lower end of the market it is worth looking at some of the carry on bags offered at the chain stores —British Home Stores have some excellent, low priced, canvas ones.

The main thing to look for is the strength of the handle. Carry on baggage is often of considerable weight. If the handle will not support three paper backs, several magazines, newspapers, two duty free bottles and emergency clothing for use if the main bag gets lost, the bag isn't worth looking at.

Beech helps you fly on a business schedule instead of an airline schedule.

Even before the airlines started to cut back on service, you couldn't beat the convenience and efficiency of business travel on company-owned aircraft.

Now it's getting to be a problem to fly anywhere except to the big cities. And the company plane no longer is just a convenience—for many companies it's become a necessity. That's why the demand for aircraft like the turboprop Beechcraft Super King Air 200, shown at left, continues to grow.

Beech Aircraft Corporation, now a Raytheon company, is in fact the undisputed leader in the growing turboprop market, and production of the King Air and Super King Air models continues at a record rate.

The Super King Air 200, by the way, is pressurized, fuel-efficient, and comfortable, and has a luxurious cabin as private as your own office where you can conduct business en route. It's one of 23 Beech models, ranging from light, single-engine trainers to business and commuter aircraft serving every segment of the general aviation market.

It goes without saying that Beech adds an important new dimension to Raytheon's size, diversity, and growth potential in the European business community and around the world.

Raytheon...a $5 billion company in electronics, aviation, appliances, energy, construction, and publishing. For our latest financial reports, please write Raytheon Europe, 52, Route des Acacias, 1227 Geneva, Switzerland, or worldwide headquarters, Raytheon Company, 141 Spring Street, Lexington, Massachusetts, USA 02173.

RAYTHEON

FOR INFORMATION ON BEECH AIRCRAFT: Wolfgang Denzel G.m.b.H., The Beechcraft Organization for Central Europe, Flughafenstrasse 5, D-8900 Augsburg, West Germany • Eagle Aircraft Services, Ltd., Leavesden Aerodrome, Watford WD2 7BY, England • Transair France S.A., Aeroport du Bourget, Zone Nord, 93350 Le Bourget, France • Transair Switzerland S.A., Centre Aviation Generale, Aeroport de Geneve-Cointrin, P.O. Box 315, 1215 Geneva 15, Switzerland • United Beech International AB, POB 11028, S-60011 Norrkoeping 11, Sweden • Beechcraft Espanola S.A., Gral. Rodrigo No. 2, Madrid 3, Spain • ASP Demco Ltd., 30 Kifissias Avenue, Athens 608, Greece.

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Martin Dickson, Energy Correspondent, sees an end to bottlenecks in supplies from the world's largest coal exporter, the U.S.

U.S. coal: gearing up for a bonanza

IT WAS the strangest, rag-tag Armada ever to anchor off Hampton Roads, the most important export harbour on the eastern seaboard of the United States.

A motley collection of up to 150 merchant vessels, of all sizes and nationalities, lay in long lines off the congested port during the first few months of this year, queuing to take on cargo.

It was a time of frustration and frayed tempers. Vessels had to wait for up to 60 days before starting to load. That meant heavy demurrage charges for shippers, boredom for crewmen and a growing pollution problem for the local port authority.

The cause of this sudden stampede was a commodity which does not usually rate high in the glamour stakes: coal. Rising demand in Europe and Japan, coupled with a shortfall in Polish supplies, led to a dramatic upsurge in orders for U.S. coal. Hampton Roads could not load the stuff fast enough.

Demand remains strong but the queue has shrunk to nearly nothing because a six-week strike by U.S. miners has slashed coal production by half. But the ships will be back when the dispute is settled—and the queues seem certain to remain a feature of Hampton Roads for the next year or so, until new port facilities ease the bottleneck.

The congestion provides a graphic foretaste of the central role the U.S. is set to play over the next two decades in meeting a major increase in international demand for coal, needed to plug the energy gap as oil grows scarcer.

America is already the world's biggest coal exporter, shipping some 81m tonnes last year (including 15m tonnes to Canada). But exports are expected to reach 110-145m tonnes by 1990 and top 200m tonnes by the turn of the century.

Important though exports will be, international trade will be dwarfed by an upsurge in domestic U.S. demand for coal. This is expected to grow from 610m tonnes in 1979 to 1.1bn tonnes or more by 1990, according to the National Coal Association, the industry's main umbrella body.

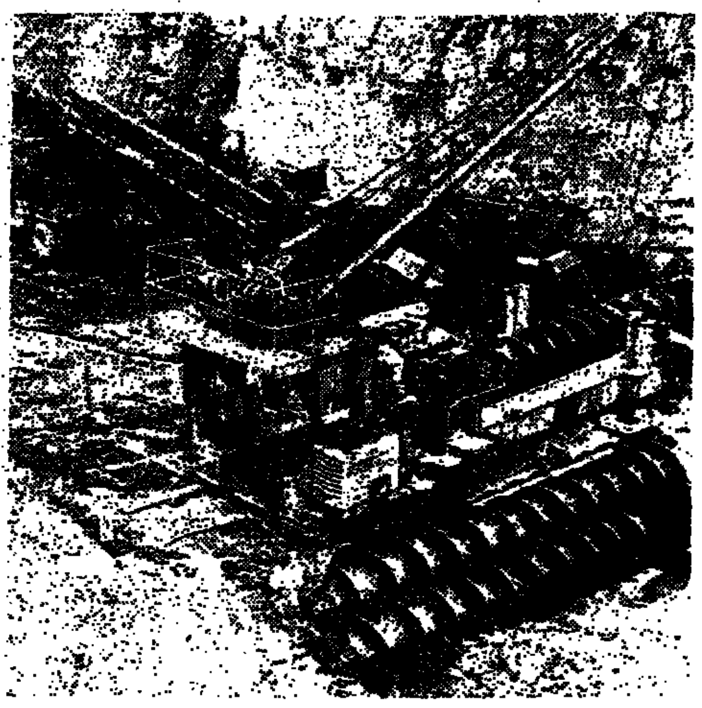
These are impressive figures—1.1bn tonnes is roughly 10 times the current British demand for coal—and they prompt the question: will the U.S. coal industry, physically and financially, be able to meet the tremendous demands that will be put on it by the home and export markets?

Despite present depressed profit margins, the industry is confident that it has the financial muscle needed for expansion—not least because the lure of better times to come has brought the cash-rich oil companies into the business in large numbers over the past decade. Oil companies are expected to produce almost half of U.S. output by 1985.

"The major corporations have had to come in," says Mr. Richard Holsten, president of Pittsburg and Midway, Gulf Oil's coal subsidiary. "The small operator simply can't generate enough capital by going to the banks to carry out the investment needed in the industry."

Coal was a declining industry in the U.S. until the 1973/74 oil crisis. Almost overnight, it became "the fuel of the future" and heavy investment was undertaken to meet the expected rapid rise in demand.

But the great leap forward never came. Growth in demand has been sluggish—some 3 per cent in the mid-1970s, rising to 5 per cent in 1980. So, although



In the U.S., recovery drills can bore up to 200 feet into a seam to extract coal.

the industry produced a record amount of coal last year—750m tonnes—it still has substantial unused capacity—100m to 150m tonnes, according to the NCA. Some 20,000 miners are unemployed or on short time.

No one expresses the industry's sense of present frustration and future hope more forcefully than Mr. Carl Bagge, the stocky, voluble president of the NCA. "The fact is that record production last year has not meant commensurate profits," he says. "The industry is plagued by over-capacity and high unemployment."

The blame for some of the industry's problems are pinned by industry leaders on the Carter Administration—despite its repeated protestations of support for coal. The Carter years are seen by the industry as a time of incoherent and ineffective policies.

The Reagan Administration is a very different creature. With a President committed to deregulation and the free play of market forces, the coal industry believes that happy days may be here again.

The new team is expected to take action over the next year or two to ease restrictions which the coal lobby insists could prove serious blocks to its much-needed expansion. Among the most important issues are:

● The 10-year-old Clean Air Act, which comes before Congress for review later this year and should provoke a battle royal between industry and the environmental lobby.

It imposes standards of air pollution control which the coal industry argues are logically inconsistent and unnecessarily strict, preventing many utilities from converting existing boilers to coal firing and making them hesitant about building new coal-fired plant.

● Permits are also a major bottleneck in the mining of coal, facing companies with a succession of legal hurdles which can take years to clear. The Reagan Administration will try to simplify the process. The NCA is particularly keen for changes to a 1977 Act governing surface mining which, it argues, imposes over-rigid limitations without regard to differing land conditions.

● The leasing of new coal reserves. Much of the growth in U.S. production is expected to come from the Western U.S. (states such as Wyoming, Colorado and Utah) rather than the traditional mining areas of Appalachia and the Midwest. Some 70 per cent of U.S. production is now concentrated east of the Mississippi but the West contains 55 per cent of remaining reserves.

Some of the West's most spectacular reserves can be seen in Wyoming's Powder River Basin—an arid and virtually tree-less sagebrush prairieland where it takes 40 acres to support a single cow.

There are coal seams in Powder River a remarkable 70 ft thick. In England a 6 ft seam is considered good. And the Wyoming coal can be mined by opencast methods, cutting costs to as little as $7 a tonne.

Some 60 per cent of Western coal lies under lands owned by the Federal Government and for the past decade it has imposed a moratorium on the leasing of new tracts to coal companies. Despite the protestations of the industry, this pause seems to have few adverse effects, given the slack state of the market.

TOP TEN U.S. COAL PRODUCERS: 1980
(figures in million metric tonnes)

Company	Parent	Production
Peabody Coal	consortium headed by Newmont Mining and Williams	53.1
Consolidation Coal	Conoco	44
Amax Coal	Amax	36.4
Texas Utilities	Texas Utilities	24.8
Island Creek Coal	Occidental Petroleum	18
Pittston	Independent	16
Nerco	Pacific Power and Light	15.2
Arch Minerals	Ashland Oil	14.2
U.S. Steel	U.S. Steel	12.8
American Electric Power	Am. El. Power	12.6

With demand for coal growing, the moratorium was lifted in the last days of the Carter Administration and six tracts of land were put up for offer in Colorado and Wyoming. More leases, in Utah and Alabama, will come up for competitive bids this summer.

The coal industry, however, argues that the Carter programme is too little to meet the need for Western coal. The Reagan Administration seems to agree. The Interior Department is hatching plans both to speed up the leasing process and offer more land—including perhaps 1.5 to 2bn tonnes of reserves in the Powder River Basin.

Action such as this may ensure that the U.S. can mine enough coal to meet domestic and foreign demand, but it is still an open question whether it will be able to get it to the market.

This was the issue addressed by a Government task force, formed under the Carter Administration, into the nation's future role in international trade. The answer, delivered in January, was essentially "yes"—if the Federal Government provided help in a number of key areas, notably the removal of regulatory red-tape.

The dominant means of moving coal to U.S. ports is, and will remain, the railways. And there is a general consensus that they can cope with the expanded traffic without too many difficulties.

However, no railroad is going to undertake investment without some guarantees of an assured export market and until recently the U.S. lines were restricted by law from signing agreements for long-term contracts. Those restrictions were removed late last year with passage of an Act to deregulate the railroads—a move which could play a vital role in bringing long-term stability to the export market.

At the ports, much of the current difficulty stems from the fact that the U.S. has traditionally exported metallurgical coal, used by the steel industry, rather than steam coal, used in power stations and by industry to raise heat. The current surge in demand is for steam coal, which is also the growth sector for the future. Ports like Hampton Roads are equipped to handle metallurgical coal but cannot deal easily with a sudden increase in demand for steam coal.

Spurred by the congestion problems, however, plans are now afoot to build new coal terminals on the U.S. East Coast, in the Gulf of Mexico and on the West Coast—and design them specifically for steam coal.

Indeed, so much is planned that there are now widespread fears that the country may, before long, have too great a coal export capacity. The task force, however, is sanguine on this point. It believes that individual port proposals will be adjusted with that danger in mind.

There appears, therefore, to be no need for Federal Government help in the construction of new port facilities. But the coal industry is pressing hard for financial assistance to dredge some of the main export harbours — a responsibility traditionally shouldered by Washington.

The reason is that by the 1990s a large proportion of the world's coal trade is likely to be moving in vessels of 120,000 tonnes deadweight and larger. But at present the East and Gulf Coast coal ports have depths of not more than 45 ft, which means they cannot handle ships much above 80,000 tonnes. Dredging them to a depth of 55 feet will allow in the bigger vessels, mean economies of scale and make U.S. coal more cost-competitive with that of its main rivals — Australia and South Africa.

In this area, as in so many others, the position of the Reagan Administration has yet to be clarified. But if it does translate all its encouraging noises on coal into concrete action, the industry is confident that bottlenecks such as those at Hampton Roads will become no more than a nightmarish memory.

Letters to the Editor

Military might

From the Executive Director, Institute for European Studies.

Sir,—According to Ian Davidson (May 18), the Reagan administration's tougher stance on defence represents "a flight from reality," and a desire to "take it out on the Russians," because the U.S. is growing economically weaker. The Soviet military build-up, also accompanied by economic weakness, can be seen as the "mirror image" of Reagan's hawkishness, or so we are told by Mr. Davidson, although this seems a strange way of putting matters since the Soviet arms build-up long preceded the election of President Reagan and the current U.S. intention of repairing a perceived arms imbalance.

As he points out himself, Mr. Davidson's essentially psychological explanation of current U.S. and Soviet behaviour rests on an inverse correlation between economic prosperity and military might. Correlations, however, inverted or otherwise, don't by themselves prove anything: if they did, the heavier than average spring rainfall could be held responsible for the current level of unemployment.

It is true that Japan and Germany are both economically strong and militarily weak, but that may well have something to do with the fact that both countries were prevented from re-arming in the post-war period, and subsequently found little need to spend heavily on defence because the U.S. provided them with defence at minimal cost. Moreover given Britain's recent record on inflation, unemployment, industrial problems etc. this country should—on Mr. Davidson's explanation at least—be armed to the teeth when in fact, our NATO contingent is arguably one of the worst equipped and our government is contemplating reducing naval strength by 50 per cent.

Given all this, Mr. Davidson might have turned to more mundane explanations for the current Reagan policies: the fact that the Soviet Union has for some years been spending an estimated 17 per cent of GDP on arms, the continued threats against Poland, the invasion of Afghanistan, the use of proxy troops in Africa and South America, the development of new weapons by the Soviet Union, including chemical weapons, the Soviet leadership's adherence to an expansionist ideology, the probability that the Soviets are running out of oil and might seek to obtain additional supplies by military means. But Mr. Davidson strangely does not even mention any of these. This surely represents a "flight from reality."

Gerald Frost,
14 Broadway, SW1.

Civil service pay

From Mr. R. Trebor

Sir,—The difference in treatment meted out by the Government to MPs compared with senior civil servants should be clearly understood.

The review bodies for these two groups did not, in their current reports, recommend new salary levels appropriate for this year. They did not do so because their recommendations for last year had not been implemented. They therefore urged the Government to implement the salaries appropriate to last year as soon as possible.

These would have given the civil servants increases ranging from 8.8 per cent to 14.6 per cent and MPs a salary of £13,750. The Government decision is to give the civil servants 7 per cent and and MPs £13,950. So the civil servants are to get less now than they were entitled to last year, while MPs are to get £200 more. These are the facts shorn of false arguments, on which the morality of this Government should be judged.

R. S. Trebor.
42, Mark Road,
Maidenhead, Berks.

Hire-purchase on cars

From the Director-Secretary, Finance Houses Association

Sir,—May I comment on Mr. David's letter (May 8) about hire purchase terms control on private cars. The Finance Houses Association, together with the Society of Motor Manufacturers and Traders Limited and the Motor Agents Association, are seeking a modest relaxation in the terms control on private cars for a number of reasons.

It is remarkable that private cars should be singled out for severe terms control, especially as there is no control if the car is bought for business and other consumer durables are subject to little or no controls. No Government has offered a reason for treating private cars in this way.

The impact of inflation has made it very difficult for a private individual to change his car. In 1973 the average owner had to put aside approximately 25 per cent of his disposable income to acquire over two years a car on instalment credit terms. In mid-1980 that figure had gone up to 35 per cent and the demand for cars from the private individual has consequently fallen dramatically. It is anticipated that only 1.38m cars will be registered in 1981 in comparison with 1.5m in 1980 and 1.7m in 1979. This explains why the three major associations, representing car manufacturers, the motor dealers and those who provide the finance, all believe that it is necessary to make now a modest relaxation in the controls on cars.

The comparison Mr. David makes with other periods is wholly misleading. He refers to the crisis of 1959 but at that time there were no terms controls at all applicable to private cars. Our proposal is for a slight relaxation, not for total abolition. He refers to the crisis of 1974: that had nothing to do with terms control.

Mr. David suggests that our proposals if implemented would do nothing for prudence. The finance houses are not planning to ease their strict credit control requirements but are seeking merely a modest relaxation in present very severe controls, which are presently: a minimum deposit of 33⅓ per cent, and a maximum repayment period of 24 months.

In order to assist the average consumer we suggest a minimum deposit of 25 per cent, and a maximum repayment period of 36 months.

An increase in the demand for cars will not harm supplies since any increase in credit to consumers for the purchase of cars will be counterbalanced by a reduction in credit to dealers to finance stocks. We believe that a modest relaxation in terms control now would be of benefit to the consumer and to all those sectors in the British economy related to or involved with the motor car.

J. B. Damer,
18, Upper Grosvenor Street, W1.

Westminster is more efficient

From the Secretary, Camden Commercial Ratepayers Group

Sir,—Your report (May 16) on the 8 per cent redundancies at the CBI directly related to the increase in its rate bill is by no means an isolated case in industry and commerce. It is, of course, extremely rare in many town halls, hence the level of rates.

Had the CBI remained in Westminster, its rate increase would now be 48.1 per cent over 1979-80, compared to Camden's 69.4 per cent. One reason for this is that Westminster, with almost three times Camden's day-time jobs and a slightly larger area and resident population, manages with 5,000 town hall staff, compared to Camden's 7,500.

A. D. Wilson.
Gilbert House,
3, Princeton Street, WC1.

Local authority finance

From Mr. R. Freeman

Sir,—Samuel Brittan's suggestion (May 15) that grants to each local authority should be a fixed sum, the rates carrying everything in excess of it, was in fact the basis of the alternative scheme put to the Government last year by all the local authority associations. It was turned down on the grounds that grant must be linked to expenditure. Subsequently that principle has always been justified by Environment Ministers as being solely for the purpose of organising a fair distribution among councils of the taxpayers' money. In reality it was intended to be a means of exercising control over local government spending (hence the penalty system) while maintaining the pretence of local autonomy.

Now that this elaborate and clumsy mechanism has transparently failed to do what Treasury Ministers wanted, the unfortunate Environment team has to try again with new and more specific interventions threatened, as well as a fixed limit on the non-domestic rate. In addition it is once again in search of the elusive popular local tax to replace the rates, but without actually increasing (and preferably diminishing) local freedom to spend on local services.

Mr. Brittan's second point, that councils should be excluded from national expenditure control in respect of locally raised revenues, is also logical and sensible if you believe in local responsibility for local services. But Conservative Governments are centralist in character even though they never own up to it. So that too is a non-runner.

Perhaps, instead of enduring yet another muddled and expensive reorganisation of local government finance, it might be simplest just to transfer education and police from the rates to national taxation. They account for about 60 per cent of all local spending and that is approximately the size of the rate support grant which could then be dispensed with. And the industrial and commercial rate could be used as a means of evening up rateable resources between richer and poorer areas. Whether such an open and accountable structure would meet with approval in Whitehall, however, is a very different matter.

Roland Freeman.
14, Northridge,
Northiam,
East Sussex.

Facilities for dealers

From the General Manager, Reuters

Sir,—Your references to the Reuter money dealing service in yesterday's article "Britain's money brokers corner the market" are wrong.

You say: "Reuters is already operating a computer-based market and has attracted several bank customers." The Reuter money dealing service is not a market. It provides facilities for dealers to converse through Reuters communications and computers using video terminals. The service has advanced computer facilities to speed and ease contact between dealers. They have access to Reuter monitor money market information on the same terminal. It has not attracted several bank customers, but 185 banks in nine countries.

Michael Nelson.
85, Fleet Street, EC4.

Housing policy

From Councillor R. Graftey-Smith

Sir,—There are two particular problems which the Government shows no inclination to tackle. The first concerns the level of investment in housing, and the second the need to find an efficient and fair pricing policy in the public sector. In neither area has the Government shown any positive thinking. Making every allowance for the present need to contain public expenditure, when the economy does at last turn around the Government will need to be ready with a housing policy adequate to meet the problems of the remainder of this century and beyond.

Public sector housing investment has been reduced from a net £2.69bn in 1979/80 to £1.49bn in 1981/82 (both figures at 1980 survey prices). The future capital programme, we are told, will depend on the level of subsidies and capital receipts. Acknowledging the present PSBR problems, it still seems a curious approach to its responsibilities for a Government to make the level of housing investment dependent upon the rate at which council tenants choose to buy their homes. Does the Government not have a view as to the level of investment that solving our housing problems will demand in coming years, and more realistic proposals for funding it?

What happens when the present initial surge of council house sales is over? Most tenants who are going to take up the "special offer" of 50 per cent discounts and 100 per cent mortgages will already have done so, with prices frozen as at last August. There can hardly be a continuing large flow of funds from this source.

In any case, the Government has restricted to 50 per cent the amount of sale receipts that local authorities can use to supplement their investment allocations. To make matters worse, tenants are now taking up the 100 per cent mortgages which authorities are obliged to offer, in preference to borrowing from building societies. When a tenant buys with a council loan, the authority gets no capital receipt. Only the principal element of repayments is available for new investment. Where does this leave the policy of local authorities using sales generated funds to bolster reduced housing investment allocations?

On public sector pricing policy, Government thinking seems not to have been taken beyond a reduction in general housing subsidies (actually using a system devised under the last Labour Government). This may be laudable, but hardly adequate in an area of major economic importance. The Government is reducing housing subsidies this year by 42 per cent. Many local authorities are already looking to the time when they will have no general housing subsidy entitlement at all. For many this will be next year. (Some are already wondering how, in that situation, the present hard sell on council houses could continue to be justified. They are also considering how to approach rent-fixing when they are no longer being manoeuvred by subsidy changes, and housing revenue accounts are not being supported either by exchequer or rate fund subsidies.

As matters now stand, they will continue to base pricing policies upon the antiquated concept of the housing revenue account, calculated on an historic cost basis. As long as we continue with this outdated approach, we will not have an efficient housing market, or generate the funds needed in the public sector in the future. Arguably, too, without some rethink of our approach to the private sector, we could well return in a few years to a position of over-investment in housing and wasteful use of the housing stock generally.

One approach on council house rents would be to seek to achieve a rate of return on the current capital value of property, after meeting the costs of maintenance and management. This would break the link with historic costs, and make far more economic sense. (The valuation problems might be great, but no more than those of the fair rent exercise carried out under the Conservatives' 1972 Housing Act. At least under such a system charges would reflect the real value of resources being used, improve the efficiency of investment decisions and give opportunity to re-examine and revitalise the private rented sector.

These matters are the proper concern of Government, but apparently not subjects with which the present administration seems to be concerned. Mr. Heseltine in speaking to the select committee on the effect of his housing investment allocations seemed almost totally uninterested in their consequences. Surely we have a right to expect rather more of the Government than that.

(Councillor) R. Graftey-Smith.
Members Room, Council Offices,
Monkton Park,
Chippenham, Wilts.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher, Lord Thorneycroft and Mr. William Whitelaw address Conservative Women's conference, London.

National Enterprise Board publishes anual report.

Overseas: West German Chancellor Helmut Schmidt begins three days of talks with President Ronald Reagan, Washington.

Belize independence negotiations start, Belize City.

PARLIAMENTARY BUSINESS

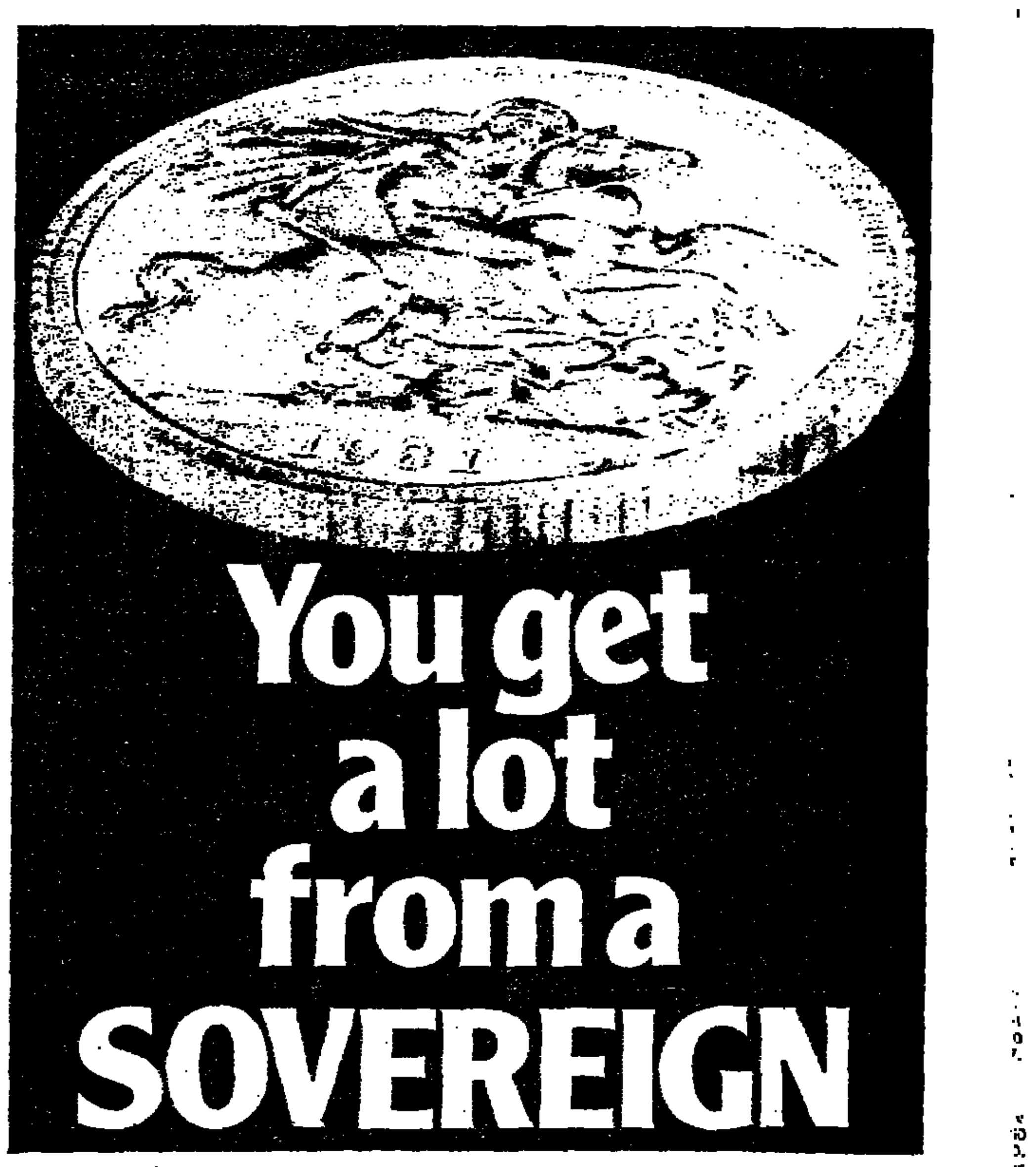
See Parliamentary News on Page 12.

COMPANY MEETINGS

Associated Biscuit Manufacturers, Great Western Royal Hotel, Paddington, W, 12.30. Bridon, Chartered Accountants Hall, Moorgate Place, EC, 12. Britannia Arrow, Connaught Rooms, Great Queen Street, WC, 11.30. Carlton Industries, Dragonara Hotel, Redcliffe Way, Bristol, 12.30. Clarke Nicholls and Coombs, 100, Old Broad Street, EC, 12. Horizon Travel, 75, Harborne Road, Birmingham, 2.30. Percy Lane, Excelsior Hotel, Birmingham Airport, 12. London Brick, Connaught Rooms, Great Queen Street, WC, 12. Metalrax, Plough and Harrow Hotel, Hagley Road, Edgbaston, Birmingham, 11.45. Rotork, Brassmill Lane, Bath, 3. Slough Estates, Savoy Hotel, Strand, WC, 2.30. A. G. Stanley, Cray Avenue, Orpington, Kent, 4. Sun Alliance Insurance Group, 1, Batholomew Lane, EC, 12.30. Unilever, Baltic Exchange, St. Mary Axe, EC, 11. United States Debenture Corporation, Austral House, Basinghall Avenue, EC, 3.

OFFICIAL STATISTICS

New construction orders for March. Department of Employment publishes indices of average earnings for March; and indices of basic rates of wages for April.



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UK COMPANY NEWS

Lloyds & Scottish up 16.2% midterm

TAXABLE PROFITS of Lloyds and Scottish, the finance group which is currently under offer from Lloyds Bank, moved ahead by 16.2 per cent from £11m to £12.79m for the half year to March 31, 1981.

However, a higher tax charge of £6.2m (£5.02m) reduced the improvement at the attributable level to 11.1 per cent and, as a result of the shares issued in connection with the purchase of James Talcott Factors, stated earnings per 20p share were virtually unchanged at 5.26p (5.23p).

In view of the bid from Lloyds Bank, no interim dividend is being declared. For the 1979-80 year, an interim of 1.87p net was followed by a final of 3.7p.

Reductions in the cost of money contributed to an improved performance in the half year by the instalment credit and leasing division.

Retained profits for the half year were well up from £3.61m to £6.25m.

Strong recovery lifts Whitbread to £66m

MOVES TO restore margins in the face of declining beer volumes helped lift second half profits of Whitbread and Company by almost £7m to £35.22m and left the surplus for the full year to February 28 comfortably ahead at £66.39m, compared with £61.81m. Turnover increased from £1720.26m to £782.15m.

The directors are stepping up the net dividend from 5.84433p to 6.7p with a final of 4.6p.

They say the sharp downturn in beer trade experienced in the first half, when pre-tax profits were £34.17m (£36.31m), continued to the year end, with inflation and the recession reducing consumer confidence and disposable income. Beer volumes over the industry as a whole declined by something over 5 per cent, and the group's own performance was in line with this.

The industry's current level of trade is again significantly below that of the previous year, they add, and the group is continuing to tailor its activities to these reduced volumes.

On a current cost basis, the pre-tax profit is reduced to £45.4m.

The historic surplus included income from trade investments of £4.05m (£2.66m) and was struck after higher interest charges of £17.52m (£13.39m) and depreciation of £21.27m (£16.94m).

The profit also reflected an exchange loss of £142,000 (£53,000 gain).

Tax took £8.26m (£7.8m) and the attributable surplus went ahead from £54.3m to £59.58m after extraordinary credits of £2.37m (£1.69m), share ownership scheme £426,000 (£920,000), preference dividends £415,000 (same) and minorities, £71,000 (£74,000).

Ordinary dividends absorb £16.89m (£14.65m), leaving £42.7m (£39.65m) to be transferred to reserves.

Earnings per 25p share are shown as 22.72p (21.56p) basic and 22.6p (20.99p) fully diluted.

The directors say that while the group's Trophy Bitter was very popular, especially in the north, and probably remains the UK's largest selling brand of bitter, local brands continued to expand. They see this sector continuing to develop strongly.

Lager sales continued to do well. Heineken remained strong in all sectors of the market place, but there was also a significant contribution from new lagers, Kaltenberg and Heldenbrau, and from draught Stella Artois, which, despite its premium price, improved its volume.

Belgian beer trade increased within a static market.

Wines and spirits interests, through Stowells of Chelsea and the Scotch whisky company, Long John International, both showed marked improvements towards the year end, as destocking in the distribution pipeline came to an end.

The soft drinks side, merged with that of Bass in September 1980 under the trading name Canada Dry Rawlings, performed well and holds high promise for the long term in a growth market, say the directors.

A surplus of £279m thrown up by revaluation of the group's properties has been transferred to reserves.

See Lex, Back Page

MAM slips: lower second half expected

TAXABLE PROFITS of Management Agency and Music slipped from £1.37m to £1.01m in the half year to January 31, 1981, and the directors warn that earnings in the second six months will also be lower.

However, they are maintaining the interim dividend at 2.8p net and expect to pay a same-again final of 5.95p.

The directors say that during the latter months of the half year under review the effects of the recession, which the group had previously weathered extremely well, made marked inroads into the profitability of its activities.

They point out that as expected this trend has continued into the second half and the taxes imposed in the Budget, notably those on drink and petrol, "have dampened hopes of any significant recovery in the very short term."

Tom Jones—one of the stars in MAM's "portfolio"

Taking these facts into account they are of the opinion that earnings for the second six months will be materially lower than the £1.49m pre-tax surplus achieved for the comparable period last year. For the full 1979/80 year taxable profits were £2.86m (£3.12m).

Although the group's first Burger King restaurant was "successfully" opened two weeks ago in Hounslow, the directors say it cannot be expected that this and other outlets planned for the near future will contribute to profitability in the current year.

● comment

The marginal decline in amusement machine profits last year at Management Agency and Music continued in the first half. What is more disturbing is that no improvement is expected in the second half despite the raising of fruit machine pay-outs in February and the consequent rent reviews. Meanwhile, the aviation business has slipped into loss and the record business is in trouble, although Tom Jones and Engelbert Humperdinck are doing a little better, thanks in part to the decline of sterling. The statement seems to point to little more than £2m in profit for the full year, down nearly 30 per cent. Investments in the new Burger King restaurants, a £0.2m stake in the forthcoming West End production of the Sound of Music and continued spending on fruit machines are cutting into liquidity but the group is still in a net cash position and the final dividend is almost certainly safe. But the shares, down 11p to 197p yesterday, could weaken further. The yield is 6.4 per cent.

Hunting Associated dips to £6.05m

TAXABLE profits of Hunting Associated Industries, the engineering, aviation support, resource surveys and photography group, slipped from £6.33m to £6.05m for 1980 on turnover up from £124.07m to £155.46m.

The group finished lower, in spite of improved first-half profits of £3.01m (£2.71m), because its second-half performance was badly hit by recessionary forces and higher interest charges.

The board has, however, recommended a same-again final dividend of 2.5p, maintaining the net total payment for the year at 5p.

Mr. L. C. Hunting, chairman, says he has no major worries about the long-term future of the company. He expects profits to be maintained this year assuming that there will be no major defence cuts in the UK, that the pound will not get materially stronger, and that the recession will continue throughout 1981.

The pre-tax surplus was struck after a share of trading loss of the Channel Islands aviation companies of £1.4m (£817,000), a share of associated company net profits of £1.03m (£636,000) and a charge for pensions augmentation of £165,000 (£120,000).

Earnings per 25p ordinary share were higher at 40.13p (38.86p) after tax of £698,000 (£1.3m) and a debit for minority interests of £413,000 (£314,000).

The loss on the termination of the activities of the Channel Islands aviation companies was £950,000 (nil) and there was a loss of £146,000 (nil) on the sale of a subsidiary, leaving profits attributable to shareholders of £3.84m (£4.97m).

After current cost adjustments, the pre-tax profit was

● comment

Hunting Associated retains much of its premium rating. Although well below the year's peak, at 350p the shares stand on almost 23 times fully-taxed and diluted earnings and yield only a shade over 2 per cent. This owes something to the continuity inherent in defence contracts—which have kept the engineering contribution up to last year's level despite weaknesses elsewhere in the division. The continued strength of Hunting Petroleum also weighs in the calculation, since Associated's stake is now worth about £5½m—about 90 per cent more than its value a year ago. The Channel Islands aviation activities have been a drain in the past year, above and below the line, helping to push debt rapidly up towards £15m. Their termination may perhaps allow gearing to subside from its present level of about half shareholders' funds.

Pleasurama advances to £2.09m

IN THE half year to the end of March 1981 Pleasurama, the amusement and entertainment group, increased its profit before tax from £1.53m to £2.09m on turnover up from £5.86m to £7.19m. The surplus included associated profits of £722,000 compared with £521,000.

In the last year the group made a pre-tax profit of £4.6m (£3.22m)—after adding the share from associated companies of £2.09m (£956,000)—on turnover of £12.71m (£11.72m).

The chairman says that to reduce the difference between the interim and final dividends the half year payout is to be increased from 2p to 2.5p per 5p share. Last year a final of 4.5p was paid.

He also says that because of the seasonal nature of the group's business the first six months are not necessarily indicative of the results for the full year, and therefore no forecast has been given.

Tax took £1.11m (£832,000) and the earnings per share are stated at 15.1p (10.8p).

● comment

Considering the recession in the UK and recent chaos in the casino world, Pleasurama cannot be faulted for its half-way financial report. The group had to cope with £550,000 of new gaming taxes, but still produced a 36 per cent pre-tax profit rise. Partly because of the lesser London competition, the group's interests in the Ritz and Casanova helped to increase the associate profit by nearly 40 per cent. Meanwhile, Pleasurama continues to open new provincial casinos—last night one was opened in Leeds. The group has a healthy balance sheet with more than £3m in cash and seems well placed for further growth in the short and medium term. At 290p, up 5p yesterday, shares yield a prospective 4 per cent, assuming an 8p total net payout. The group should be able to produce a full year pre-tax of £5.25m, suggesting a fully taxed p/e of 7.6, which does not look unreasonable.

Plaxtons profit slumps

IN LINE with the chairman's warning at the last annual meeting of a significant reduction in profitability in the current year, pre-tax profit of Plaxtons (GB) in the half year to March 29, 1981, slumped from £1.94m to £185,000. Turnover was well down at £11.7m compared with £15.81m.

However, this coachbody builder has maintained its interim dividend at 3p per 25p share. Last year a total of 8.5p was paid.

Tax for the half year took £40,000 (£818,000). Earnings per share are stated at 2.4p (18.9p). The figures include a debit of £413,000 (nil) for redundancy payments.

No sign of upturn in Fisons' UK markets

MR. JOHN KERRIDGE, chief executive of Fisons, the chemical group which had net losses of £16.83m in 1980 compared with profits of £12.12m the previous year, said yesterday that no bid approaches have been made to the company and the register showed no evidence of a build-up of shares.

He was speaking after the relatively quiet annual meeting at which Sir George Burton, the chairman, had also denied that the joint agrochemical venture with Boots was the first stage of an eventual merger.

Sir George refused to provide shareholders with details of the current trading outturn but said that there was no evidence of any upturn in the segments of the economy in the UK in which Fisons operated. "Most of the factors which depressed British agriculture in 1980 persist this year."

The overseas operations, however, were going reasonably well, he said, and "although we have a long way to go we are set on the right road to success."

Sir George also assured shareholders that pharmaceutical research would be maintained at present levels.

Several shareholders commented on the level of directors' salaries. Sir George said that he had taken a cut in salary. This occurred when the chairmanship became a non-executive role following Mr. Kerridge's appointment, a month after the last annual meeting, as chief executive.

Sir Ronald McIntosh, who was announced as chairman designate at that meeting but did not take up the position, was present at yesterday's meeting as a retiring director, but did not speak.

Institutional shareholders have privately expressed concern to the company about the sharp decline in profitability and the suddenness of the withdrawal of the new anti-asthma drug, Proxicromil. They did not ask questions at yesterday's meeting, however. One fund manager said in advance of the meeting that they found it "better to act behind the scenes."

The share price, which hit a low of 112p this year, closed at 178p up 3p yesterday.

SPAIN

May 19	Price	+ or −
Banco Bilbao	312	+3
Banco Central	358	
Banco Exterior	282	
Banco Hispano	292	
Banco Ind. Cat.	123	
Banco Santander	338	
Banco Urquijo	188	
Banco Vizcaya	328	
Banco Zaragoza	216	
Dragados	169	+8
Espanola Zinc	75	
Fecsa	68.7	−5
Gal. Preciados	41	+2
Hidrola	72.5	+0.5
Iberduero	60	+1
Petroleos	112	+4.5
Petroliber	86.5	+0.5
Sogefisa	79	
Telefonica	64	+0.5
Union Elect.	72.2	+2.2

Lloyds Bank International jumps £27m

TAXABLE PROFITS of Lloyds Bank International, a subsidiary of Lloyds Bank, rose sharply in the six months to March 31, 1981. For the period they showed a £27m increase at an historic £50.6m, while on a CCA basis they improved by £28 to £36m. For the last full year an historic pre-tax result of £64.5m was reported.

Commenting on the interim figures, Mr. Eric Whittle, chief executive, says benefits have accrued from a sharper focus on chosen markets and a continuing elimination of marginal activities. The three main sources of additional income were loan growth, a widening range of fee earning services and higher foreign exchange profits.

Volatile market conditions also provided funding opportunities which enabled the bank to widen its margins.

Geographically, profits increased in all overseas divisions. However, UK profit growth was limited to foreign exchange and merchant banking activities, as a result of continued pressure on margins.

First half net income rose from £73.7m to £99.4m, and other income advanced from £40.5m to £56.7m. Of provisions for bad and doubtful debt, totalling £11.5m (£6.1m), the specific provision was £7.5m (£2.1m) and general £4m (same).

Operatings costs were £81.5m (£75.7m) and exchange losses on translation of working capital totalled £5.4m (£7.4m). Interest on loan capital was £7.1m (£2.2m).

Tax took £26.1m (£13.3m) and minority profits £0.3m (same).

Payout doubled at Runciman

THE EXPECTED return to higher profitability for 1980 has been achieved by Walter Runciman and Co., shipping and freight agent. In his last annual report, the chairman said that, giving normal trading conditions, he expected to see profit levels achieved before the downturn in 1978.

Figures for 1980 show that pre-tax profits climbed from £732,491 to £2.53m. Turnover rose from £42.76m to £47.1m.

The final dividend is doubled from 2.5p to 5p for a net total of 7.5p compared with 3.75p.

After a tax charge of £1m (credit £161,538) and an extraordinary credit of £78,816 (£488,007 debit), attributable profits come out at £1.6m (£406,022).

Stated earnings per 25p share are 19.9p (11.6p).

CCA pre-tax profits were £1.32m.

DIVIDENDS ANNOUNCED

	Current payment	Date at payment	Corresponding div.	Total for year	Total last year
Bluemel Bros. ......int.	nil	—	1.65	—	3.3
Hambros Invest. Tr. ...	4p	July 31	3.2	6	5.51
C. E. Heath	7.4	—	6.63	10.5	9.66
Hintons	4.2	July 21	2.2	6	4
Hunting Assoc. Ind. ...	2.5	July 28	2.5	5	5
Management Agency int.	2.8	July 20	2.8	—§	8.75
N. Am. Trust. ......int.	1.3	July 6	1.2	—	4.6
Plaxtons (GB) ......int.	3	June 13	3	—	8.5
Pleasurama ....int.	2.5	Sept. 29	2	—	6.5
Readicut	0.1	—	0.7	0.1	1.25
Walter Runciman	5	—	2.5	7.5	3.75
Toye and Co.	1.63	July 1	1.63	1.63	1.63
Whitbread	4.6	July 24	4.35	6.7	5.84
Yorks & Lancs Inv int.	0.65	July 2	0.65	—‡	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of at least 1.35p forecast. § Final of 5.95p expected.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Last price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
76	39	Airsprung	73	+1	4.7	6.4	11.6	16.0
52	21	Armitage and Rhodes...	51	—	1.4	2.7	21.0	48.8
200	92½	Bardon Hill	200	—	9.7	4.9	7.5	12.8
104	88	Deborah Services	104	—	5.5	5.3	5.1	9.8
126	88	Frank Horsell	103	—	6.4	6.2	3.2	5.9
110	39	Frederick Parker	59	—	1.7	2.9	25.7	—
110	64	George Blair	64	—	3.1	4.8	—	—
110	59	Jackson Group	103	—	6.9	6.7	3.9	8.0
177	103	James Burrough	127	+1	7.9	6.2	10.4	10.4
334	244	Robert Jenkins	320	—	31.3	9.8	—	—
55	50	Scruttons "A"	55	—	5.3	9.6	4.0	4.0
224	204	Torday	204	—	15.1	7.4	3.5	7.9
23	8	Twinlock Ord.	13½	—	—	—	—	—
90	68	Twinlock 15% ULS ...	75	+1	15.0	20.0	—	—
56	35	Unilock Holdings	44	—	3.0	6.8	6.8	10.7
103	81	Walter Alexander	101	—	5.7	5.6	5.6	8.9
263	181	W. S. Yeates	255	—	13.1	5.1	4.8	9.8

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OIL INDEX
July Refined $40.73
October Refined $42.47

HALIFAX
LENDS OVER £2,000 MILLION
TO HOME BUYERS.

At the 128th Annual General Meeting of the Halifax Building Society held on 18th May, 1981 the Chairman, Sir Raymond Potter, made the following points...

Sir Raymond Potter, Chairman.

£8.943M	£10,594M
ASSETS 1980	ASSETS 1981

At 31st January, 1981, the end of the Society's financial year, the assets of the Society were £10,594 million, an increase of £1,651 million or 18.5% over last year's total. In money terms this was the largest annual increase in the history of the Society...or for that matter any other building society.

Currently there are some eight million savers and investors who have entrusted their money to the Society....Of the total population of the country nearly one-sixth have money invested in the Halifax.

The sum advanced on mortgage last year was £2,023 million compared with £1,825 million in the previous year....There has not been much evidence that the record level of interest rates in itself has seriously deterred would-be purchasers–not even the first-time buyer to whom nearly half of the loans were granted. Incidentally just over a quarter of the loans were made to people twenty five years of age or under.

We are playing our part in encouraging and supporting the building of new houses in or near town centres by Builders and Local Authorities in partnership, while the Society also supports a number of Housing Association concepts of an imaginative nature and hopes to see useful progress made as a result of the new powers available to Housing Associations under the Housing Act 1980.

The Society has also concerned itself with the conservation of energy. It has, therefore, sponsored in conjunction with the Royal Institute of British Architects a comprehensive study on the practical opportunities for the conservation of energy in the existing private housing stock. The Society looks forward to the guidance which it will produce not only for its own members but for all home owners.

Last year I mentioned the introduction of a pilot scheme using automated teller machines which was designed to relieve congestion at busy counters. Another innovation, also designed to improve our service to customers, was the installation of a new communication network linking terminals at every branch counter to our central computers. I am pleased to report that this work is proceeding smoothly....Already there are encouraging signs that the speed of service at our branch counters is being improved and this, of course, was uppermost in our minds at the outset.

Our programme of new branch and agency openings is also proceeding satisfactorily and last year the Society's services were brought to its customers through an additional 45 new branches and 92 new agencies.

HALIFAX
The biggest building society in the world.
Trinity Road, Halifax HX1 2RG

General and Commercial Investment Trust, Limited

Directors:
Brian A. C. Whitmee, F.C.A. (Chairman)
Bryan R. Basset (Deputy Chairman)
Raymond W. Dawes
W. Laurence Grant
Christopher A. Keeley, F.C.A.
Anthony P. Simonian
Mark W. H. Thomson

Performance statistics	Year ended 28.2.81 %	Five years ended 28.2.81 %
Net asset value	+14	+67
Middle market price (Stock Exchange Daily Official List)	+15	+69
Rate of dividend (net) (excluding special dividend for 1979/80)	+10	+143
Retail Price Index	+12	+87

Distribution of investments at 28th February 1981

Equities and convertibles	
U.K.	71%
Overseas	28½%
Fixed income	½%

Extracts from the Chairman's statement

Our investment policy in the U.K. has for some time been directed towards investment in smaller companies although we still retain significant holdings in much larger companies. It is intended to pursue this small company policy. In addition we intend to continue to gradually increase our overseas portfolio, particularly in North America. Since the year-end the North American percentage has risen further.

Copies of the Report and Accounts can be obtained from Philip Hill (Management) Limited, 7 Brewer's Green, Buckingham Gate, London SW1H 0RB.

Companies and Markets

UK COMPANY NEWS

Readicut loss near £2m at year end

WITH TRADING conditions the worst in the company's history, Readicut International, maker of rug kits and specialist textile products, suffered a pre-tax loss of £1.96m for the year to March 31, 1981, against profit of £4.63m previously, on sales down from £114.12m to £101.8m.

However, there was a reduction in the rate of losses in the second six months. At halfway, the company reported a deficit, before tax, of £1.62m (£2.52m profit).

Following the omission of the interim dividend, a final of 0.1p net per 5p share is being recommended, which compares with the previous year's total of 1.2503p.

Mr. P. J. F. Croset, the chairman, says that in the current year, capital spending will remain strictly controlled, with only essential investments in product research and new plant being authorised.

Areas where growth prospects look good, however, will continue to be investigated.

The current year will be helped by savings arising from reorganisation, which will provide the base for a better financial performance, but confidence in the outlook for UK industry remains low and any upward trend in the market will in consequence be slow, Mr. Croset states.

Although the overseas division is in loss and is likely to remain so during the transitional period while Readicut Mail Order is building up a mailing list in North America, operations by the Continental subsidiaries, despite being seriously affected by the recession, have been collectively profitable.

The year's loss was struck after depreciation of £2.77m (£2.24m) and interest up from £1.39m to £1.85m. There was a tax credit of £0.89m (£2.42m charge) but including increased extraordinary debits of £2.08m (£0.85m) the attributable loss was £3.15m, compared with profit of £1.86m.

Current cost pre-tax loss for the year was £3.71m.

● comment

With the ordinary equity now valued at £14¼m in the market against an underlying asset base in excess of £40m the fall in Readicut's shares has been overdone. Yesterday the price eased a further 1½p to 18½p after the announcement of the full year losses. Yet Readicut has pulled back from the half way stage when every division was working in red ink with an overall £1.6m loss to just a £337,000 deficit in the second half. Below the line £2m of exceptional items reflect the loss of 1,000 workers, a fifth of the workforce, but the major rationalisation appears to be over and Readicut has got its operations back on a tight line. Until the late seventies the group was the "darling" of the textile sector. The image was first shattered in the six months to September, 1979 when profits fell a third but Readicut looks set for a recovery. By the end of this year it could be working in the black again and the shares now represent one of the better buys in an admittedly unexciting sector. Capital gearing has risen to around 40 per cent after the Snappies buy last year but debt levels have probably peaked for the time being unless further acquisition possibilities tempt the Board to spend.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ransome Hoffman Pollard, Redfearn National Glass, Redman Heenan International, Stockholders Investment Trust.

Finals: Advance Services, Alpine Holdings, Fine Art Developments, Geers Gross, Hartwells, London and Northern, London Trust, Marks and Spencer, B. and I. Nathan, Salincourt, Sphere Investment Trust, Whitbread Investment.

FUTURE DATES

Interim:
Sterling Trust .... June 3

Finals:
Cocksedge .... June 24
Doranakanda Rubber Estates ... May 27
Extel .... May 28
International Paint .... May 28
James (Maurice) .... May 28
Pyramid (Publishers) .... May 28
Reed International .... June 2
Transparent Paper .... June 1
Tranwood .... May 28

Broking operations put Heath lower

LOWER PROFITS from its broking operations, which were down from £7.67m to £5.71m, have resulted in C. E. Heath and Co. reporting a fall from £12.95m to £12.63m in the operating figure for the year to March 31, 1981. The contribution from underwriting increased from £3.79m to £4.91m, and profits from other operations advanced from £1.5m to £2.01m.

After tax down from £5.02m to £2.74m, exceptional debits of £243,000 (£894,000) and minorities of £89,000 (£47,000), net profit available for appropriation was up from £6.71m to £9.55m.

Stated earnings per 20p share were 31p (22.1p).

The tax charge is stated after releasing £2.85m deferred tax.

The final net dividend is increased from 6.6305p to 7.4p, making the total 10.5p (9.66p).

The company is an international insurance broker, reinsurance broker and underwriting agent.

● comment

C. E. Heath's full-year figures have turned out rather above most expectations, the surprises coming mostly from Heath's underwriting side, where profits rose by 30 per cent, and from a strong category of "other" items. Broking profits fell away much as forecast, real growth in volume being offset by close to £1m of currency losses and by heavier expenses. Underwriting was improved by a better-than-expected contribution from Groupe Sprinks (£0.7m) and a much higher profit commission from the Lloyd's agency (£0.66m against a total last year of £0.24). The strong point of Heath's underwriting is its Australian business in workers' compensation, which must be responsible for about half its underwriting profits. "Other," up 34 per cent, includes associate companies and sales of computer software. It also takes in profits on dealings in securities and currency (around £1.1m, probably split more or less equally). On Yesterday's share price of 255p (up 3p), Heath no longer stands at much of a discount to other, purer, brokers. The increased dividend brings the yield to 6.1 per cent and the p/e—on stated earnings, before writing back deferred tax—is 11.4.

Nu-Swift profits pick up in current year

PROFITS at Nu-Swift Industries, fire extinguisher manufacturer, were running above the level of the depressed second half of last year, but higher volume sales would be needed if 1981 results overall were to match those of last year, Mr. Ivan Dorr, chairman, told the annual meeting.

The group, which made a pre-tax profit in 1980 of £1.09m (£900,101) on turnover of £13.45m (£12.24m), was still working only a four-day week at its Leeds factory, Mr. Dorr said. Among measures being taken to try to raise sales over the rest of this year will be the launch, in September, of a range of squeeze-grip valve-operated fire extinguishers in four sizes up to 20 lbs. These would be released simultaneously to home and overseas markets.

Earlier this year the company announced a new range of powder-based appliances and it has now set up a contract servicing division to refill and refurbish its own and other makes of extinguishers. New appointments have also been made to the overseas sales force.

Toye incurs £64,000 loss

A second half pre-tax loss of £30,550 compared with profits of £210,956 is reported by Toye and Company, manufacturer of civil and military regalia and jewellery. For the whole of 1980 there was a loss of £64,132 against profits of £451,444. Turnover, however, rose from £7.85m to £8.77m.

The board says results were adversely affected by losses of £265,205 on Taylor Maid (consumer marketing) and £144,959 on another subsidiary, E. Dent and Company. Corrective action has now been taken regarding the loss-making areas, and Taylor Maid is near breakeven for the first quarter of the current year, says the board. There will not be a repeat of losses incurred by Dent.

There was a tax charge of £65,771 compared with £38,151. The dividend is unchanged at 1.625p.

On a CCA basis there was an attributable loss of £546,983.

COMPANY NEWS IN BRIEF

HESTAIR (farm machinery, special vehicles, property development and consumer goods group)—Results for year to January 31, 1981 reported April 24. Shareholders' funds £13.75m (£13.92m), fixed assets £10.49m (£11.63m), net current assets £8.92m (£5.06m), long and medium term loans £5.88m (£4.98m), cash £716,000 (£119,000). Meeting, Hyde Park Hotel, SW1, June 11 at noon.

DREAMLAND ELECTRICAL APPLIANCES (maker of electric underblankets and overblankets)—Results for 1980 reported April 8 in full preliminary statement. Shareholders' funds £4.73m (£3.5m). Fixed assets £2.31m (£1.29m). Net current assets £2.41m (£2.4m). Stocks and work in progress £3.57m (£1.65m). Bank balances and cash £45,512 (£955,948). Bank overdraft-secured £1.33m (nil). Meeting, Great Eastern Hotel, EC, June 10, noon.

OFFICE AND ELECTRONIC MACHINES (sole UK distributor of Adler, Imperial and Triumph machines)—Results for 1980 reported April 30. Shareholders' funds £10.7m (£7.7m): fixed assets £956,144 (£985,788): current assets £13.95m (£15.18m): current liabilities £3.48m (£6.25m): bank overdraft (secured) nil (£0.91m): increase in cash resources £1.8m (£1.2m decrease). Mr. W. F. J. Gardiner, chairman, says improvement unlikely until 1982. Meeting: London Wall, EC, June 9, noon.

NORTH AMERICAN TRUST CO.—Results for half year to May 1, 1981: interim dividend 1.3p net (1.2p) per 25p share; revenue after tax £786,959 (£724,763): corporation tax £150,702 (£87,412): imputation tax £277,732 (£276,068): stated earnings per share 2.3p (2.17p): net asset value per share 165.9p (127.4p). Accounting year end to be changed to October 31 from November 1.

ANCHOR CHEMICAL GROUP—Chairman Mr. B. B. Pugh told shareholders at AGM the group had traded profitably in the first quarter of 1981. All the overseas companies were in profit although in the UK there had been little improvement in the level of sales compared with the second half of last year which showed a 30 per cent drop on the first half. This drastic reduction in income had been countered by considerable cost reductions with the result that in the first quarter of this year the UK companies almost reached break-even point. Mr. Pugh said there had been some signs of an improvement in UK trading but nothing sufficient to signal the beginning of a general recovery.

HAMBROS INVESTMENT TRUST—Gross revenue £3.27m (£3.14m) for year to the end of March 1981. Final dividend 4p, making a net total payment of 6p (5.51p). Trust also announced a one-for-one scrip issue. Interest charge was £572,000 (£801,000) and tax took £890,000 (£825,000). Earnings per 25p share were 6.59p, including a non-recurring tax credit of 0.45p, against 5.51p, including a non-recurring dividend of 0.51p. Net asset value per share was 235.5p (151.3p).

HARRIS AND SHELDON GROUP (consumer products and associated industries)—Results for 1980 reported March 27. Historical pre-tax profits of £3.11m (£4.52m) reduced to £1.83m on a CCA basis. Fixed assets £17.18m (£17.27m): net current assets £8.41m (£9.14m). Shareholders' funds £22.52m (£22.41m). Decrease in working capital £1.25m (£2.11m increase). Chairman says prospects for 1981 "are not good." Meeting: Meriden, Warwickshire, June 10, 3 pm.

MIDLAND INDUSTRIES (ironfounder and engineer)—Results for 1980 reported April 10 with chairman's observations on prospects. Shareholders' funds £10.08m (£10.98m). Net current assets £2.8m (£2.83m). Fixed assets £13.02m (£12.32m). Decrease in cash and bank balances £859,000 (£363,000 increase). Meeting, Wolverhampton, on June 16 at noon.

GEORGE WILLS AND SONS (HOLDINGS) (importer and exporter)—Results for 1980 already known. Shareholders' funds £4.71m (£4.57m): net current assets £4.64m (£4.33m). Historical pre-tax profits of £1.02m (£1.12m) reduced to £667,000 on a CCA basis. Chairman says first few months of trading this year have been satisfactory if not spectacular. If business remains at its present level he anticipates equalling the 1980 figure. Meeting, Epworth House, City Road, EC, June 10, 11.15 am.

WACE GROUP (service requirements to advertisers and printers)—Results for 1980 and prospects reported May 1. On a CCA basis historical pre-tax profit of £1,555 (£318,094) reduced to a loss of £380,842. Shareholders' funds £1.55m (£1.46m): fixed assets £1.53m (£1.54m); net current assets £476,040 (£606,166). Net decrease in working capital £587,339 (£229,177 increase). At the AGM it is proposed to appoint Dearden Farrow and Alliott Peirson as joint auditors in place of the retiring auditors. Meeting: Great Eastern Hotel, EC, June 10, noon.

BOOKER McCONNELL (international food, engineering and trading company)—The current year had started slowly. In engineering—although the Plenty Group had been restored to profit—order books generally continued weak and further redundancies had been implemented, Mr. Michael Caine, the chairman, told the annual general meeting. He said shipping had been badly hit by the seamen's strike and since then by a series of setbacks. Trading in food distribution was improving, particularly in cash and carry, and both health products and agriculture were also ahead of last year. He said that overall the results for the half year would be below last year, but he believed the second half would more than recover the shortfall.

Mr. Michael Caine, Booker McConnell chairman, warns on midyear but forecasts recovery in second half

ALFRED WALKER AND SON (building contractor and property developer)—For six months to October 31, 1980: turnover £1.77m (£1.41m) and profits £55,500 (£5,000). Again no tax is payable. Results indicate company's improving trading position and this trend has continued into second half.

EXPLORATION COMPANY (investment company with interests in gold and base metal mining, and industrial companies)—Results for 1980: Pre-tax profits, £947,985 (£711,962): tax £411,291 (£300,604).

PENNINE COMMERCIAL HOLDINGS (vehicle retailer and travel agent)—Results for 13 months to February 28, 1981: Turnover £1.29m (£3.25m for year). Pre-tax loss £51,450 (£10,172 profit), after interest of £47,386 (£21,731) and exceptional debits of £32,000 (nil). Tax nil (£49,000). Extraordinary debit £2,675 (£11,819 credit). Stated loss per 10p share 0.17p (0.34p loss). No dividend (same). Directors believe group will return to substantial profitability in the current year.

P. PANTO AND CO. (wholesale distributors of groceries, tobacco, confectionery, toys and stationery)—Pre-tax loss £298,614 (£231,875) for 1980 after charges including interest of £329,266 (£314,738). Turnover £26.64m (£27.22m). Again no dividend for the year. There was a credit of £380,844 (£90,878) for tax provisions no longer required and an extraordinary debit of £270,673 (£28,003). Board says profit and loss account includes exceptional credit for deferred tax provisions no longer required amounting to £337,000. This has been used to eliminate the asset of goodwill £260,000 from the balance sheet so that only tangible assets are included. This write-off of £260,000 is included in the extraordinary item of £270,673.

YORKSHIRE AND LANCASHIRE INVESTMENT TRUST — Gross revenue £36,810 (£60,435) for half year to the end of March 1981. Interim dividend 0.65p (same) and a final, already forecast, of at least 1.35p (same). Expenses £13,695 (£11,428) and tax £23,506 (£15,182). Net asset value per 25p share 39.9p (34.2p).

JOSEPH HOLT (brewer and wine and spirit merchant)—Results for 1980: Pre-tax profits £1.38m (£997,563). tax £700,826 (£472,042). Final dividend 4.5p (4p) for a total of 6.5p (6p).

TOZER KEMSLEY AND MILLBOURN (international trading, finance investment) — Results for 1980 reported April 22 in preliminary statement with prospects. Group fixed assets £55.98m (£54.12m). Net current assets £14.97m (£36.28). Shareholders' funds £41.03m (£44.4m). Increase in short-term borrowings £34.34m (£10.05m). Meeting, 28, Great Tower St., E.C. June 10, 11.45 am.

WESTERN PROVIDENT ASSOCIATION (medical insurance company)—Results for 1980 already known. Investments £4.75m (£3.57m) fixed assets: £906,188 (£80,650): net assets £2.94m (£2.34m).

BENTALLS (department stores group)—Results for year to January 31, 1981, reported on April 24. Shareholders' funds £15.98m (£15.54m): fixed assets £13.05m (£12.82m); net current assets £3.92m (£3.74m). A planning application for the development of a major office building on the site of the present department store at Ealing was submitted in April. Meeting, Kingston-upon-Thames, June 9, at noon.

ARNOTT AND CO., DUBLIN (draper, general house furnisher and warehouseman)—Results for the 53 weeks to January 17, 1981 and prospects reported March 4. Historical pre-tax profit of IR£3.42m (£3.67m) reduced to £2.56m (£2.93m) on CCA basis. Current assets £13.71m (£12.9m), including bank balances and cash £1.97m (£881,000); net current assets £8.29m (£5.5m); fixed assets £15.67m (£15.7m). Shareholders' funds £21.63m (£20.29m). Meeting, Dublin, June 4, 10.30 am.

WOLSTENHOLME RINK (producer of bronze and aluminium powder)—Results for 1980 reported March 26. Shareholders' funds £8.02m (£7.56m). Fixed assets £2.75m (£2.57m). Net current assets £4.42m (£4.27m). Outflow of funds £519,000 (£1.04m inflow). CCA pre-tax profit £689,000 (£1.13m historic). Directors propose profit-sharing scheme and savings related share option scheme. Meeting, Bolton, June 15, noon.

ROWNTREE MACKINTOSH (confectionery manufacturer)—Results for 53 weeks to January 3, 1981 reported on April 24, 1981. Historical pre-tax profit of £31.4m (£40.4m) reduced to £20.1m (£31.6m) on CCA basis. Shareholders' funds £243.2m (£225.7m): Investments £12.8m (£11.5m): net current assets £87.1m (£79.6m). Meeting, York, June 10, 3 pm.

PRITCHARD SERVICES GROUP (building and stone cleaning, security services)—Results for 1980 and prospects reported May 1. Shareholders' funds £20.85m (£12.86m): fixed assets £11.59m (£8.71m): current assets £24.12m (£14.37m), including cash on deposit, at bank and in hand £7.13m (£1.68m): current liability £19.32m (£12.33m), including bank overdrafts £3.84m (£1.97m) and creditors £13.3m (£9.43m). Increase in working capital £5.14m (£593,000 decrease). Meeting, Dorchester Hotel, Park Lane, W, June 8, noon.

CLEMENT CLARKE (HOLDINGS) (Optician and manufacturer of opthalmic precision and surgical instruments)—Results for 1980 reported April 29. Shareholders' funds £5.47m (£4.72m), net current assets £2.1m (£1.58m). Chairman states that order books are in a reasonably healthy position and there are currently signs that business is improving, suggesting that results will be satisfactory. Meeting, Institute of Directors, SW1, June 10 at noon.

CENTRAL AND SHEERWOOD (engineer, printer and publisher, financial services)—Results for 1980 and prospects already known. Historical pre-tax profits of £284,000 (£4.72m) reduced to a loss of £2.38m (£2.85m profit) on a CCA basis. Fixed assets £16m (£15.89m): net curent assets £13.52m (£16.12m). Shareholders' funds £26.55m (£27.21m). Meeting: Hyde Park Hotel, Knightsbridge, SW, June 11, noon.

"VIMTO"

(Cordial and Compound Manufacturers)

In the nine months ended 31st December, 1980:

- Pre-tax PROFITS of the enlarged J.N.Nichols (Vimto) Ltd. group were £1,841,000 compared with £1,806,000 in the previous twelve months.
- SALES amounted to £14,841,000 against £10,130,000 in the year to 31 March 1980.
- A final DIVIDEND of 4p per share is recommended, making a total of 7p per share for the nine months. After the one-for-one scrip issue is taken into account, the payment for the previous twelve months was also 7p per share.

In his statement with the Accounts, Mr Peter Nichols, the Chairman, says:

- "During the nine months under review, Solent Canners of Southampton was acquired, and its figures for six months are included in the accounts. This highly efficient canning factory should show a considerable contribution to Group figures in the future."
- "Export sales during 1980 reached a record figure, due to the fact that additional production capacity for VIMTO cordial came on stream. However, larger than usual stocks in export markets and the higher rate of exchange have resulted in a considerable reduction in demand at the beginning of 1981."
- "In the long term, local production should result in increased sales of VIMTO throughout the Middle East, while a steady expansion in home trade sales throughout the group can be anticipated this year".

Regd. Office: Lebon Road, Manchester M23 9NL

'80 Milestones in a Strong Business Year

15% growth in total assets to Sfr. 77.5 billion
15% gain in net profit to Sfr. 334 million
Capital resources reach Sfr. 4.7 billion at the end of 1980

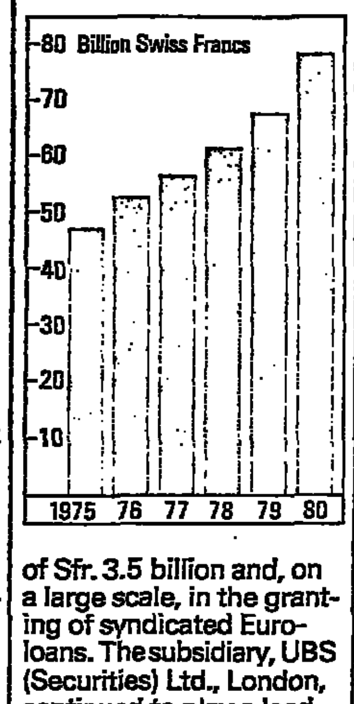
Healthy Balance Sheet Development.
During 1980, Union Bank of Switzerland experienced an increase in the inflow of non-bank funds as well as a significant rise in commercial loans. The business volume reported by UBS, one of Switzerland's leading banks, gained by about 15% in the face of stiff competition. Both domestic and foreign assets expanded at this rate, causing the balance sheet structure to remain virtually unchanged.

Improved Earning Power.
The net profit topped the Sfr. 300 million mark for the first time thanks to the brisk pace of business. Higher income was produced not only by interest operations but also by other types of banking activity. Earnings from dealing in foreign exchange and precious metals rose to Sfr. 360 million while commission income gained by Sfr. 58 million to Sfr. 638 million. Although operating costs reached higher levels as well, the increase in personnel expenditures, investments and other expense items remained within the budgeted limits.

More Deposits – More Loans.
Deposits by non-bank customers advanced by 16% to Sfr. 46.6 billion, with the inflow of funds from foreign customers most pronounced. On the assets side, loans and advances to private and business clients rose by 20.5% to Sfr. 38.4 billion. Domestic lending received a strong impulse from the brisk building activity recorded in 1980, with mortgage-secured loans alone soaring by not less than one third.

Active Underwriting and Syndicate Operations.
The underwriting and syndicate operations carried on by UBS in 1980 developed at a fairly brisk pace. UBS participated in the firm underwriting of 63 domestic bond issues and in 10 capital increases by domestic companies. It was also a partner in syndicates which underwrote 47 Swiss franc issues offered for public subscription by foreign borrowers. UBS acted as lead manager of 17 domestic and 16 foreign bond offerings, in addition to participating in private note placements with a combined principal amount of Sfr. 3.5 billion and, on a large scale, in the granting of syndicated Euroloans. The subsidiary, UBS (Securities) Ltd., London, continued to play a leading role in connection with the underwriting of Euro-issues and the trading in Eurobonds. In 1980, the London subsidiary participated in 133 issues with a combined face value of U.S.$ 10.3 billion.

Total assets of UBS



Office Network Expansion.
The Bank has rounded off its worldwide network of offices by adding several important links. The number of business offices in Switzerland was raised by 7 to a total of 226. UBS reinforced its presence in the United States by opening a representative office in Houston and in Canada by inaugurating a new representative office in Calgary on April 1, 1981. Union Bank of Switzerland is now present in 30 cities throughout the world with its own representative offices, branches or subsidiaries.

UBS Union Bank of Switzerland

WHITBREAD

AND COMPANY LIMITED

Preliminary announcement of results for the year to 28th February, 1981

TURNOVER AND PROFITS

The consolidated turnover for 1980/81 was £782,148,000 (1979/80 £720,259,000) an increase of 8.6%.

The consolidated profit before taxation and extraordinary items for 1980/81 was £66,388,000 (1979/80 £61,813,000) an increase of 7.4%. A further allocation of £888,000 out of profits has been made to the Share Ownership Scheme.

DIVIDEND

A Final Dividend of 4.6p per share is proposed for the year ended 28th February, 1981, making a total for the year of 6.7p per share, which represents an increase of 11.7% as against the dividend for the previous year.

If approved at the Annual General Meeting to be held on 21st July, 1981, the final dividend will be paid on 24th July, 1981 to Shareholders on the register at close of business on 19th June, 1981.

REVALUATION OF PROPERTIES

During the year, Whitbread and Company's Chartered Surveyors carried out a revaluation of the Group's Properties. This resulted in a surplus of £279 million, which has been transferred to Reserves. The basis of valuation conforms with the guidance notes issued by the Royal Institute of Chartered Surveyors.

TRADE

The sharp down-turn in beer trade which had been experienced during the first half-year continued to the year-end, with inflation and the economic recession reducing consumer confidence and disposable income. The Industry's beer volume declined by something over 5%, and Whitbread's performance was in line with the total market. Steps taken to deal with the reduced levels of business led to a restoration of margins and a much improved profit performance in the second half-year. In ales, we continued the expansion of our local brands, whilst Trophy Bitter was very popular, especially in the North, and probably remains the largest selling brand of bitter in the U.K. Our local ales now include such beers as Fremlins, Strong Country, Pompey Royal, Flowers, Chesters, Castle Eden, Welsh and Wethereds. We see this sector continuing to develop strongly.

Our lager sales continued to do well, and Heineken remained strong in all sectors of the market place, but we also had a significant contribution from our new lagers, Kaltenberg and Heldenbrau, and from draught Stella Artois, which, despite its premium price, improved its volume. Our Belgium beer trade increased within a static market.

Our wines and spirits interests, through Stowells of Chelsea and our Scotch Whisky Company, Long John International, both showed marked improvements towards the year-end, as de-stocking in the distribution pipeline came to an end.

Our soft drinks interests, which were merged with those of Bass Limited, in September, 1980, under the trading name Canada Dry Rawlings, have performed well and hold high promise for the long-term in a growth market.

	52 weeks to 28th Feb. 1981 £000's	52 weeks to 1st March 1980 £000's
Turnover	782,148	720,259
Profit before depreciation and funding charges	101,275	89,435
Deduct: Depreciation	(21,266)	(16,942)
Interest Payable less Receivable	(17,524)	(13,390)
Gain (loss) on Foreign Exchange	(142)	53
Trading Profit	62,343	59,156
Income from Trade Investments	4,045	2,657
Profit before Taxation and Extraordinary Items	66,388	61,813
Taxation	(8,264)	(7,796)
Profit after Taxation and before Extraordinary Items	58,124	54,017
Allocation to Share Ownership Scheme £888,000 less tax	(426)	(920)
Profit before Extraordinary Items	57,698	53,097
Extraordinary Items, less Taxation attributable thereto	2,372	1,694
Profit after Extraordinary Items	60,070	54,791
Attributable to Minority Interests	(71)	(74)
Preference Stock Dividend	(415)	(415)
Profit attributable to Ordinary Shareholders of the Holding Company	59,584	54,302
Ordinary Dividend—Interim Paid	5,297	4,028
Proposed Final	11,588	10,620
Transfer to Reserve	42,699	39,654
Earnings per Share—Pence —Basic	22.72	21.56
—Fully Diluted	22.60	20.99

The Brewing Industry's current level of trade is again significantly below that of the previous year. In these circumstances, we are continuing to tailor our levels of activity to these reduced volumes, and preserving our margins for any future up-turn in trade.

CURRENT COST BASIS

This shows a Current Cost dividend cover of 2.1 as against a dividend cover of 3.4 under the Historical Cost basis.

Brewery, Chiswell Street, London EC1Y 4SD

WHITBREAD

BIDS AND DEALS

Mercantile Hse agrees to buy Cosmorex

MONEY broker Mercantile House Holdings has agreed to acquire all the shares of Cosmorex, a leading Swiss money broker, for SwFr 30.95m (£7.2m) in cash.

Cosmorex has offices in Geneva and Zurich and brokes mainly between Swiss francs and U.S. dollars but is also active in all continental currencies and in Eurocurrency deposits.

It had pre-tax profits last year of SwFr 5.1m (£1.19m) and earnings after tax of SwFr 3.3m (£770,000). Net tangible assets are approximately SwFr 2.2m (£0.5m).

Existing management of Cosmorex is to remain; two of its directors have agreed to enter five-year contracts.

Mr. John Barkshire, chairman of Mercantile House, described the acquisition as the group's most important since its purchase of Lasser Brothers, a leading New York broker, in 1977.

Until now, Mercantile House has relied entirely on agents for dealings in European markets. The move is part of a recent trend which has seen London money brokers strengthening links with European markets.

R. P. Martin, for example, is merging with the German broker, Bierbaum, and Harlow Meyer Savage, a subsidiary of Mills and Allen, acquired a 50 per cent interest in Uwe J. Muller Devisenmakler, the German broker, early this month.

The Mercantile House acquisition of Cosmorex is subject to a satisfactory audit and approval by Mercantile House shareholders at an extraordinary general meeting on July 31, the day on which the deal is to be completed.

Philip Morris clear to acquire Rothmans stake

THE Takeover Panel has given the go-ahead for Philip Morris of the U.S. to buy half of the stake owned by the South African-based Rembrandt Group in tomacco company Rothmans International.

But the panel—which said the circumstances of the case were unique in its experience—has been assured by both Philip Morris and Rembrandt that neither will buy more shares in Rothmans, which is based in London.

Philip Morris, which has extensive brewing (Millers) and soft drink (Seven-Up) interests as well as cigarettes (Marlboro), is paying $350m for a 22 per cent stake in Rothmans' equity as well as certain international Rembrandt trademarks.

Rembrandt's 44 per cent stake in Rothmans, of which Philip Morris is buying half, would entitle it to 58 per cent of the votes, but its rights are held to 50 per cent by Rothmans' articles of association.

The panel said the deal would not oblige the U.S. company to make a full offer under the Takeover Code. "It will be a deadlock situation and the panel has been assured that there is no provision to break that deadlock," the panel said.

It said control of Rothmans would not have altered in such a way "as to give rise to any bid obligation by the parties concerned."

Philip Morris and Rembrandt have also given an undertaking to the panel that they will not convert any of the convertible bonds of Rothmans into shares without letting the panel know.

Rembrandt owns £67.3m of Rothmans' junior bonds (all of them) and £14.72m of the senior bonds (37 per cent). Under the deal, Philip Morris will also acquire half of these holdings.

Both sides said yesterday that each would have the right of first refusal if the other wished to sell any of its holdings in Rembrandt or Rothman Tobacco (Holdings), the company through which Rembrandt owns its stake in Rothmans.

The two sides said there were no other agreements between Philip Morris and Rembrandt on future purchases or sales of securities in Rothmans International or Rothmans Tobacco.

MAM Management Agency & Music Limited

INTERIM STATEMENT

The profits of the Group before taxation as shown by the unaudited accounts for the six months ended 31st January 1981 amounted to £1,010,541, compared with £1,369,769, for the comparative six months last year.

	Six Months 31st January, 1981	31st January, 1980
Turnover	£10,734,052	£10,423,406
Pre-tax Profits	1,010,541	1,369,769
Corporation Tax at 52%	525,481	712,280
	485,060	657,489
Interim Dividend	210,595	210,595
Unappropriated Profit Carried Forward	£ 274,465	£ 446,894
Earnings per Ordinary Share	6.45p	8.74p

Your Board has today declared an interim dividend of 2.8 pence per share (1980—2.8p) and would expect to recommend the maintenance of the final dividend.

The interim dividend will be paid on 20th July 1981 to shareholders registered at the close of business on 19th June 1981.

During the latter months of the half-year under review the effects of the recession, which the Group had previously weathered extremely well, made marked inroads into the profitability of our activities.

As must be expected, this trend has continued into the second half of the year, and taxes imposed in the budget, notably those on drink and petrol, can only have dampened hopes of any significant recovery in the very short term. Taking these facts into account, your Board has to inform you that it is now of the opinion that profits for the second six months will also be materially lower than the £1.49 million achieved in that period last year.

Shareholders will be pleased to know that the Group's first Burger King restaurant was successfully opened two weeks ago in Hounslow, but it cannot be expected that this and other outlets planned for the near future will contribute to profitability in the current year.

Independent Ruo directors reject offer

The independent directors of Ruo Estates are advising shareholders to reject the offer of 58p per share from Eastern Produce (Holdings).

Eastern Produce holds 42.98 per cent of the Ruo ordinary shares and Lawrie Plantations, which is acting in concert with EPH, has undertaken to sell its shares in the company to the bidder. This would bring EPH's holding up to 47.88 per cent.

In recommending rejection of the offer the independent directors (Mr. M. Nicholson, Mr. J. D. P. Tanner and Mr. F. G. H. Lupton) state that the offer price is effectively less than half the net asset value of 124.9p at June 30, 1980.

These directors feel that the price offered for the shares "does not represent a proper price for the acquisition of control of your company."

ESTIMATED £0.45M LOSS AT HIELD

In a letter recommending shareholders to accept the offer from Gamma Beta Investments, Mr. A. G. Park, chairman of Hield Brothers, the worsted cloth manufacturing group, estimates that the group showed a loss before tax and extraordinary costs amounting to some £450,000, in the 57 weeks ended May 3, 1981, compared with a deficit of £606,000 for the previous 52 weeks. In addition, extraordinary costs in the period amounted to £205,000 (£254,000).

Mr. Park says that the company has continued with substantial reorganisation but the full benefits will take some time to be realised. He says that the further reorganisation which is likely to be necessary would require further capital expenditure. The company will need to conserve its resources and is unlikely to be able to pay any significant dividend for the foreseeable future.

EMAP PURCHASE

East Midland Allied Press has purchased Modsnax which operates a retail shop in St. Neots. The acquisition will compliment the existing newsagent shops operated by the retail division of EMAP.

The latest profits before tax of Modsnax were £4,122 and its net tangible assets amounted to £23,025.

Modsnax is being purchased for a consideration of £85,305, satisfied by a cash payment of £54,305 and by the issue of 27,679 "A" ordinary shares at 112p a share.

SHARE STAKES

United British Securities Trust—Pearl Assurance now hold 2,225,000 shares (5.02 per cent).

C. H. Beazer (Holdings)—Robert Fleming nominees now have a share holding in excess of 5 per cent.

Save and Prosper Linked Investment Trust—The Merchant Navy Officers' Pension Fund now hold 1,340,000 capital shares (23.21 per cent) of that class.

Anglo Scottish Investment Trust—the Equitable Life Assurance Society and a subsidiary, University Life Assurance Society, are the beneficial holders of a total of 1,665,000 ordinary shares (5.09 per cent).

Murray Northern Investment Trust—Resulting from recent purchases, Sun Life Assurance Society holds 30,000 "B" ordinary (8.02 per cent).

Reliant Motor PLC—Sinjul Nominees has acquired a further 24,500 ordinary shares, making its holding 500,000 shares (9 per cent).

Leda Investment Trust—Commercial Union Assurance Co. has bought 350,000 income shares, making its holding 430,000 (8.63 per cent).

Williamson Tea Holdings—Romai Tea Holdings, following recent purchases, holds 778,514 shares (34.02 per cent).

Country and New Town Properties—As a result of the company's recent rights issue the interest of Prudential Corporation has reduced from approximately 7 to below 5 per cent.

Habit Precision Engineering—Mr. J. E. M. Mayne, chairman, has purchased 20,000 shares making his holding 770,000 shares (23.11 per cent).

● JOHN MAKINSON DISCUSSES THE DIVORCE OF TWO BANKING INSTITUTIONS

A guarantee for solving the Morgan's poser

Morgan Guaranty's decision to almost sever its links with Morgan Grenfell is a logical resolution of a competitive problem which has been looming ever larger for both banks.

Under the leadership of its present chief executive, Mr. Christopher Reeves, the UK bank has placed strong emphasis on international growth. Increasingly, this policy has brought it into competition with its largest single shareholder, Morgan Guaranty.

The problem was illustrated most graphically last month when Morgan Grenfell set up a corporate finance subsidiary in New York, Morgan Guaranty's own back-yard. The London bank wanted to develop a mergers and acquisitions business as well as an involvement in U.S. financing for non-U.S. borrowers.

For Morgan Guaranty, which has been considering the sale of its one-third stake for at least seven years, the move may have proved the last straw.

The parting has been amicable and the U.S. company can be well satisfied with the price of 255p per share which it has obtained. Morgan Grenfell said yesterday that it saw 200p as a fair market value for its shares, and that the higher price of 255p reflected the size of Morgan Guaranty's holding.

Whether it also reflects the UK bank's true net worth is an open question.

Morgan Grenfell is as determined as ever to conceal the value of its inner reserves and still shows no sign of seeking a Stock Exchange listing.

Morgan Guaranty's divestment has been structured in such a way that Morgan Grenfell can avoid the scrutiny of a listing, while raising new capital and strengthening its ties with UK institutions.

The U.S. bank is selling 3.96m shares, or 40 per cent of its holding, directly to certain existing institutional shareholders. A further 4.7m shares are being converted into 11¼ per cent cumulative preference shares.

This pool of preference shares will then be topped up out of Morgan Grenfell's reserves to produce 12m shares of £1 each.

The preference shares will be sold to 14 UK institutions, which so far have no links with the bank, as well as to half a dozen existing shareholders.

The final piece in the jigsaw is a rights issue at 200p per share to raise £12¼m. Not all the rights will be taken up, since Morgan Guaranty is anxious to limit its stake; Willis Faber does not want to increase its holding above 24 per cent, and the Catto family, with just over 5 per cent, apparently can't afford them.

The shares which are not being taken up will be placed in a pool with the 3.96m shares which Morgan Guaranty is selling directly and then distributed pro rata to certain existing shareholders.

Weighing the 255p Morgan shares and the 200p rights shares means that they will pay about 230p on average.

Both Morgans are happy with the partial divorce settlement but there will also be some sadness at the dissolution of such a long-standing relationship.

The Morgan family has been involved in the bank since 1854 when Mr. Junius Morgan went into partnership in London with Mr. George Peabody, the celebrated philanthropist.

Mr. Morgan's son, John Pierpont, went on to found Morgan Guaranty, which is now the fifth largest ranked U.S. bank according to assets.

Morgan Grenfell is keeping its name, perhaps not entirely for sentimental reasons. The common confusion with Morgan Guaranty, and Morgan-Stanley for that matter, could prove a useful bonus in New York.

Mr. Christopher Reeves, deputy chairman and chief executive of Morgan Grenfell

LMI in exploratory talks with Polymark

London and Midland Industrials, the engineering, industrial services and consumer products group, has been having exploratory talks with Polymark International, the laundry equipment and textile labelling machinery supplier whose shares rose sharply last week.

Polymark announced last Friday that a "conditional approach has been received which may or may not lead to an offer being made." On that day the shares jumped 19p to 133p after being up to 160p. Yesterday the shares rose to 137p before closing 2p higher at 130p, valuing the company at £7.1m.

Mr. C. M. Beddow, chairman of LMI, said yesterday that he had been having talks with Polymark but "nothing has really happened." He said it was one of several companies being looked at by LMI.

Mr. Beddow said that the talks had not reached the formative stage but a further meeting was planned with Polymark next week.

He said that in view of the sharp rise in the share price LMI would like some idea of current trading at Polymark before taking the talks any further. Polymark had no comment to make on the talks with LMI.

The board of Polymark, headed by Mr. Peter Meyer, the chairman, controls almost 20 per cent of the shares with the institutions holding a further 22.1 per cent.

Concern over bids for Royal Bank of Scotland

LORD CLYDESMUIR, retiring chairman of Bank of Scotland, yesterday told shareholders it was "a great pity that the Secretary of State for Trade has stated that he has no powers to direct" the Monopolies Commission "to consider the wider issues of concentration of banking" during its study of the bids for Royal Bank of Scotland.

Speaking to the bank's annual meeting yesterday, he said the bids had "implications for the future of the whole Scottish financial community, perhaps even for Scottish industrial and commercial life as a whole."

The onus had been put upon the "Scottish financial community to address themselves to all the implications for Scotland."

Lord Clydesmuir also warned the board of the Royal Bank that it would be taking too narrow a view of its responsibilities if it were to consider any bid solely on short-term considerations of price "without regard to the medium-term consequences for the community from which the company draws its business and which it seeks to serve."

On the subject of the Government levy on the banks' "windfall" profits, Lord Clydesmuir said it would cost Bang of Scotland some £8.5m—effectively a 3¼ per cent capital tax on shareholders' funds.

Furthermore, to replace the money with funds from the money market at current rates would cost £1m a year in interest.

The meeting elected Mr. Thomas Risk, Governor of the Bank, as Lord Clydesmuir's successor.

JOHNSON MATTHEY U.S. PURCHASE

The U.S. holding company of Johnson Matthey and Company, Johnson Matthey Investments Inc., has acquired Catamore Company, a Providence, Rhode Island, jewellery manufacturer.

Wm. Collins reaffirms bid advice

PUBLISHING house William Collins yesterday reaffirmed its advice to shareholders to take no action on the bid from News International and to hang on to their shares.

"Your Board did not seek this take-over bid," said Mr. Ian Chapman, chairman, "and has already received the strongest encouragement from employees, authors and customers to have the company remain independent."

News International, which has already bought just over 30 per cent of the ordinary shares, is offering 200p cash per ordinary share and 150p for the non-voting "A" shares.

But the market price of Collins shares—Mr. Robert Maxwell, head of Pergamon Press, owns nearly a tenth—has soared way above the bid price. Yesterday, the ordinary shares were unchanged at 260p, with the "A" at 165p.

CHARTER ACQUIRES OMEGA PLASTICS

Charter Consolidated, through its wholly owned subsidiary Heatrae-Sadia Holdings, has acquired Omega Plastics from Price and Pierce.

A large part of Omega's production of thermo-formed plastic shower cubicles and bathroom accessories is already used by Heatrae-Sadia in the manufacture of its own products.

PILKINGTON

Dr. L. H. A. Pilkington has disposed of 112,000 Pilkington Brothers shares non-beneficial at 320p leaving interests 3,668,074 shares (2.2 per cent). In a May 14 report this incorrectly read as "now beneficial."

INVERESK SECS.

The Stock Exchange listing of Inveresk Securities was cancelled from 9.30 am yesterday. Shares in Georgia-Pacific Corporation have been issued in substitution and dealings in the new shares will start today.

Milbury threatens legal action

Milbury, the publicly quoted housing development company which is now under the legal control of Mr. Jim Raper's Gasco Investments, hit back at a Stock Exchange decision to suspend the group's shares and warned that it may have to institute legal proceedings.

The Stock Exchange took the decision to suspend the shares of Milbury after a bid for Saint Piran, which holds a large stake in Milbury, by Gasco Investments became unconditional earlier this month.

The Stock Exchange said at the time that it considered it undesirable "that a company having securities listed on the Stock Exchange should be under the ultimate legal control of Gasco" and Mr. Jim Raper, a former chairman of Saint Piran.

Milbury has told shareholders that "your directors feel most strongly that the Stock Exchange has acted in an arbitrary and unreasonable manner and that the action of suspending the listing can do nothing but harm to the reputation and good name of your company."

Milbury says in its letter to shareholders that group directors "are making the strongest possible representations to the Stock Exchange to have the listing restored." Legal proceedings may be instituted.

The Stock Exchange has made it clear, says the Milbury letter, that the group has not in any way breached its listing agreement "and we believe that your company has become the innocent victim of the current dispute between the Stock Exchange and Gasco.

"Your support in obtaining the relisting of your company is urgently requested and we would advise shareholders to write directly to your chairman, Don Smith."

LONDON TRADED OPTIONS

May 19 Total Contracts 973

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	390	44	9	54	8	66	—	408p
BP	420	24	10	40	3	56	9	"
BP	460	8	5	—	—	—	—	"
Com. Union	140	27	—	32	1	36	—	160p
Com. Union	180	6	1	10	—	14	—	"
Cons. Gold	460	90	4	105	1	115	—	538p
Cons. Gold	500	60	21	78	21	93	—	"
Cons. Gold	550	28	41	47	—	—	—	"
Cons. Gold	588	15	47	—	—	—	—	"
Cons. Gold	638	5	40	—	—	—	—	"
Courtaulds	60	10	17	13½	10	16	2	67p
Courtaulds	70	5	6	9	7	11	2	"
Courtaulds	80	2	2	5	10	7	1	"
GEC	550	117	2	135	—	—	—	653p
GEC	650	35	13	55	1	78	—	"
GEC	700	13	29	28	—	47	—	"
Grand Met.	160	46	10	49	10	—	—	201p
Grand Met.	200	13	10	20	—	27	—	"
ICI	280	32	—	38	—	50	2	296p
ICI	300	20	2	28	2	40	—	"
ICI	330	8	46	15	—	28	—	"
Land Sec.	390	30	10	45	—	55	—	410p
Land Sec.	420	15	7	28	—	37	—	"
Land Sec.	460	5	35	12	12	—	—	"
Marks & Sp.	110	33	2	40	—	—	—	140p
Marks & Sp.	120	23	20	32	—	—	—	"
Marks & Sp.	130	15½	12	24	20	32	—	"
Marks & Sp.	140	9	17	17½	—	24	2	"
Shell	360	66	2	78	1	86	—	408p
Shell	390	42	9	54	4	64	—	"
Shell	420	22	3	38	3	50	—	"
Shell	460	7	10	20	1	—	—	"
Totals			442		115		18	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Barclays Bk.	360	52	—	65	—	68	20	408p
Imperial Gp	70	4	10	9	12	10½	10	74p
Imperial Gp	80	½	—	4	15	6	17	"
Lasmo	550	57	3	87	—	117	—	607p
Lasmo	600	15	14	60	1	87	—	"
Lasmo	650	5	—	40	—	62	10	"
Lasmo	700	½	—	25	11	35	—	"
Lonrho	90	4	3	10½	5	13½	6	93p
Lonrho	100	1	—	5½	14	9	6	"
Lonrho	110	½	—	2½	31	5½	—	"
Lonrho	120	¼	—	1½	6	—	—	"
P & O	140	1	5	10½	—	14	—	134p
P & O	160	½	—	5	—	7	3	"
Racal Elec.	360	13	10	37	—	51	—	372p
Racal Elec.	390	1	12	21	117	34	—	"
RTZ	454	90	1	—	—	—	—	540p
RTZ	494	50	5	—	—	—	—	"
RTZ	500	—	—	65	26	80	—	"
RTZ	550	9	1	32	25	50	—	"
Totals			54		262		72	

PENTOS

In accordance with the terms for the acquisition of Caseys Camping, directors of Pentos say that payment of the final consideration of £81,000 has been approved.

The vendors have elected to take shares as part of the consideration. The directors have therefore allotted 200,787 ordinary, giving a total value of £46,181, with the remaining £34,819 being paid in cash.

SHARE STAKES

M. Y. Dart—Mr. S. Marks and Mr. P. Marks, both directors, notify transfer of 78,280 deferred ordinary shares from the beneficial interests of Mr. S. Marks to the S. Marks' family settlement, in which Mr. P. Marks, as a trustee, has a non-beneficial interest. The settlement now has 150,145 deferred ordinary shares (12.06 per cent). Mr. S. Marks now has a beneficial interest in 4,134 deferred ordinary shares (0.3 per cent).

J. and L. F. Goodbody—Mr. Ivar McGrath Boden and Mrs. Sheila Boden hold over 30,000 shares (over 5 per cent).

Y. J. Lovell (Holdings)—Merchant Navy Officers Pension Fund holding increased to 1,031,660 shares (15 per cent).

Johnson Group Cleaners—Prudential Corporation has increased its holding to 553,400 shares (5.15 per cent).

Gestetner Holdings—Bank of Scotland (Standard Life) London Nominees sold 43,000 ordinary (6.15 per cent). Total holding nil.

Tor Investment Trust—Clydesdale Bank LHY account (Arbuthnot High Yield Fund) has acquired 100,000 income shares making holding 360,600 shares (9.59 per cent).

Microfilm Reprographics plans USM placing

Microfilm Reprographics, a fast-growing company that makes microfiche catalogues of machine parts and provides microfilming services, is planning to enter the Stock Exchange's Unlisted Securities Market next month with a placing of 675,000 shares, a quarter of the enlarged total equity, at about 50p a share.

Started in 1970 by Mr. Gordon Macrae, a former employee of Minnesota Mining and Manufacturing, the group made £56,000 in profit before tax in the year to June 30, 1976 and £130,000 last year. It is forecasting profit of £190,000 in the current year.

About 80 per cent of the London group's business is in preparing duplicating microfiche catalogues of spare parts for motor vehicles, home appliances and aircraft. Its customers include British Aerospace (for the BAe 125 executive jet), British Gas and the Electricity Council.

Microfilm Reprographics also operates a service bureau for transforming archival documents on to microfilm.

The placing is being made by brokers Anderson and Co. and consists of 200,000 new shares, with the remainder coming from the founders.

£40m bond launched for Quebec Hydro

The seventh domestic sterling bond for a foreign borrower was launched yesterday for Quebec Hydro, through S. G. Warburg. This £40m "bulldog" issue is being arranged in the form of a placement and matures in 2001.

The yield offered to investors is 15 per cent, which represents the mean between the yield available on Monday night on two gilt edged stocks maturing respectively in 2003 and 2004-08.

Paris quote for Midland

Midland Bank is to become the first UK bank with a listing on the Paris bourse. Its shares will be quoted there from June 2.

It will also be the first company to list shares in Paris since the election of M. Francois Mitterrand as president earlier this month. Share prices on the bourse have fallen by about a fifth on average since the election.

RIGHTS ISSUE ACCEPTANCES

Acceptances have been received in respect of 95.07 per cent of the 2.79m shares of Fothergill and Harvey offered in a £2.6m rights issue.

The rights issue of Electrical and Industrial Securities has been accepted as to 93.2 per cent. The issue of 2.4m shares at 92p a share raised £2.2m.

Bank of the Near East

Commercial Bank of the Near East is raising £1m by way of a rights issue of 200,000 new £5 shares at par on the basis of one new share for every two held.

The purpose of the rights issue, the second in less than a year, is to provide additional funds to continue the company's policy of careful expansion of its banking services and of its customer base. Dealings are expected to begin on May 22.

C.E.Heath & Co.

PRELIMINARY RESULTS for the year to 31 March 1981 (on the historical cost basis)

	1980/81 £'000	1979/80 £'000
Profits from:		
Broking operations	5,713	7,674
Underwriting operations	4,907	3,786
Other	2,006	1,493
Operating profit	12,626	12,953
Exceptional item	(243)	(894)
Taxation	(2,742)	(5,018)
Exchange losses on consolidation	—	(284)
Minority interests	(89)	(47)
Net profit available for appropriation	9,552	6,710
Earnings per share	31.0p	22.1p

A final dividend of 7.4p per share is recommended equivalent to 10.5714p gross per share. Total gross distribution for the year is 15p per share (1979/80—13.8p per share).

The charge for taxation is stated after releasing £2,845,000 deferred taxation.

The Report and Accounts for 1980/81 will be available on 16th June 1981 and the Annual General Meeting will be held on 8th July 1981.

F. R. D. HOLLAND, Chairman

C.E.Heath & Co.Limited
Cuthbert Heath House, 150 Minories London EC3N 1NR. Telephone 01-488 2488
INTERNATIONAL INSURANCE BROKERS REINSURANCE BROKERS AND UNDERWRITING AGENTS

19th May 1981

Carlton Industries

Group Results for 1980

	1980 £'000	1979 £'000
Turnover (excluding Comben Group)	107,982	112,687
Group trading profit before taxation	12,240	16,945
Profit attributable to shareholders	9,380	13,633
Dividends per share	12.0p	12.0p
Earnings per share	36.6p	53.1p

Trading results of the U.K. battery manufacturing operations were badly affected by the recession whilst once again results from Invergordon Distillers were at a record level and profits of Comben Group increased due in the main to improved marketing and efficiencies in construction.

Copies of the Report and Accounts are available from the Secretary, Carlton Industries Limited, Clifton Heights, Triangle West, Clifton, Bristol BS8 1EJ.

Progress Report 1980
Hessische Landesbank -Girozentrale-

Another year of good results

In a year of high interest rates, fluctuating currency values, and a difficult economic environment Hessische Landesbank, one of Germany's top ten banks, maintained in 1980 its steady course towards achieving its twin objectives of quality growth and consistent earnings. Total assets rose by 10.7% to DM 54.4 billion. Operating results improved over the previous year, again enabling the Bank to strengthen its reserves.

During the year, Hessische Landesbank took decisive steps to facilitate access to key international capital markets and to expand its overall service capabilities. At mid-year, the Bank started operations in London by integrating an already existing branch of a subsidiary, and opened Hessische Landesbank International S.A. in Luxembourg. At the beginning of 1981, existing facilities in New York were converted into a full-service branch.

The Bank's domestic as well as international business continued to develop favorably in 1980. Despite pressures on interest margins and stringently applied risk criteria, foreign lending grew satisfactorily. Emphasized were loans to industrialized countries as well as foreign trade finance and Eurocredits for German corporations.

Foreign commercial business also recorded gains. Documentary business and short-term financing grew considerably.

Turbulence in currency markets resulted in increased foreign exchange activity on behalf of the Bank's clients and those of Hesse's Sparkassen. Further expansion in securities business was highlighted by increased placement with foreign institutions of DM fixed-interest paper, including the Bank's own bearer bonds.

Money market operations, transacted principally on behalf of central banks, other financial institutions and corporations, were expanded. The Bank now draws on its central money desk in Frankfurt as well as the combined capabilities of its dealing rooms in London, New York, and Luxembourg.

Headquartered in Frankfurt, Hessische Landesbank is a government-backed universal bank concentrating on wholesale banking and medium to long-term financing. The Bank's services are tailored for large domestic and international corporations, foreign governments and other financial institutions. It also acts as banker to the State of Hesse and performs clearing functions and other centralized services for Hesse's 52 Sparkassen.

Although the Bank's strengthened balance structure and expanded service potential in recent years are gratifying achievements, current economic uncertainties must be strongly factored into the outlook for 1981, and Hessische Landesbank will pursue a policy of prudence and caution.

For a copy of our 1980 Annual Report or further information, please get in touch with:

Head Office
Junghofstrasse 18–26
D-6000 Frankfurt/Main
Tel.: (0611) 132-1, Tx: 415291-0

London Branch
55 Basinghall Street
London EC2V 5BL
Tel.: (01)-606499-1, Tx: 887511

Financial Highlights			DM million
December 31	1978	1979	1980
Business Volume	46,974	51,843	57,195
Balance sheet total	45,032	49,150	54,427
Total credit volume	36,212	41,420	45,542
Short-term assets	9,630	10,133	11,806
Due from banks	8,062	7,700	7,683
Due from customers	1,568	2,433	4,123
Long-term lending	23,359	25,865	27,466
Lending to banks	3,090	3,719	4,192
Lending to customers	20,269	22,146	23,274
Short-term liabilities	10,201	10,312	13,447
Long-term liabilities	5,476	6,847	7,262
Bonds issued	19,485	21,248	22,354
Capital and reserves	936	1,086	1,151

Helaba Frankfurt
Hessische Landesbank -Girozentrale-

Companies and Markets

UK COMPANY NEWS

SOME INVESTMENTS AND DISINVESTMENTS BY UK COMPANIES IN RECENT YEARS

INVESTMENTS

Company	Business	Amount
Delta Manganese	Electrolytic manganese dioxide plant	R14.5m
Glaxo	Pharmaceutical aerosol plant	R1m
Vickers	Lithographic printing plate and printing chemicals plant	R2m
Metal Box	Participation in local offshoot rights issue	R11m
Tootal	Stake in textile manufacturer	R0.5m
Shell and BP	Coal mines and exploration activities	Not revealed
Berec Group	Purchase of minorities in local offshoot	R10m

DISINVESTMENTS

Company	Business	Amount
Reed International	Sale of paper, etc., interests	R150m
Cohen and Co.	Reduction of interest in metal fabricators	R7.7m
Bridon	Sale of interest in Haggie, wire producer	R51m
Caravans International	Sale of local offshoot	R8m
Dunlop	Reduction of interest in local offshoot	R17m
Royal Insurance	Sale of British Engine Insurance	R4m
McKechnie Bros. and Delta Group	Partial sale of Macdem	R25m†

† Sale of 50 per cent stake by Delta includes 5 per cent to McKechnie.

Investment in South Africa

By Bernard Simon in Johannesburg

BRITISH INVESTMENT in South Africa is in an unprecedented state of flux. For a change, the activity is not prompted by political considerations, in spite of sanctions threats at the United Nations, continuing pressures on foreign investors to raise black wages, and South Africa's uncertain political future.

The issues this time are mainly commercial. On the one hand, the squeeze on profits in the UK has caused several companies to sell off or reduce their operations in South Africa as a way of strengthening cash flows at home.

Others, however, have taken completely the opposite view, attracted by the recent boom in South Africa, where the real growth rate of the economy shot up to 8 per cent last year.

British direct investment in South Africa is believed—in the absence of published official figures—to be worth about £5bn or roughly the same as it was four or five years ago. The 1,200 or so British companies with investments here account for just over half total foreign investment on this basis, and for about 10 per cent of UK interests abroad.

Companies which have increased their exposure recently include Metal Box, (the containers concern), Richardson Group (engineering), Fisons (pharmaceuticals), and Vickers (engineering).

By contrast, Dunlop (rubber products), Cape Industries (brake linings), Reed International (paper), Caravans International, the caravans manufacturer, and several insurance companies are among those to have reduced their investments or, in some cases, withdrawn altogether. McKechnie Brothers and the Delta group, the industrial concerns, have recently announced restructuring of their South African interests with Haggie, the South African wire rope company taking a 45 per cent stake in Macdem, a joint venture of the two UK companies, and McKechnie raising its stake from 50 per cent to 55 per cent.

Straddling the economy as they do, British subsidiaries have enjoyed the benefits of South Africa's boom, associated with the price of gold.

Recent results of some of those listed on the Johannesburg Stock Exchange illustrate the buoyancy of profits. Barclays Bank lifted taxed profit by 53 per cent last year to R76.4m (£43.7m) Mitchell Cotts by 99 per cent, to R10.8m and Metal Closures by 64 per cent to R2.9m.

With many UK parent companies battling to show any growth in earnings, the contribution of South African operations to overall group profits has risen markedly. Mitchell Cott's local offshoot increased its share of parent company profit by more than two-thirds last year to £4.5m, compared with the group's overall pre-tax earnings of £9.0m.

None the less, the rise in South African profits has in some cases been overshadowed by the cash crisis at home. The decision to repatriate foreign capital has been reinforced by Pretoria's foreign exchange controls, which restrict dividend transfers to income earned after 1975.

The experience of Caravans International illustrates the attraction of selling out. The UK group, which suffered a £2.1m loss last year, realised £3.9m from the sale of its 51 per cent interest in CI Industries of South Africa. If the UK company had borrowed this amount, the interest burden alone would have been some £0.7m. Dividends from South Africa, totalling about £0.3m last year, would not have serviced such a debt.

The proceeds of the sale, concluded earlier this year, are being used by Caravans International to reduce its borrowings and strengthen its position in European markets.

Other companies have preferred to sell only a portion of their South African interests, thereby continuing to benefit from profit and dividend increases. Dunlop recently reduced its holding in Dunlop South Africa from 70 per cent to 51 per cent, thereby retaining control but at the same time remitting some R17m to swell its cash flow.

Advantages

This half-in-and-half-out strategy has a number of advantages. One is that the South African subsidiary can avoid the political stigma attached to wholly foreign-owned companies, especially in strategic sectors. These include the oil, motor and electronics industries as well as defence suppliers, banks and financial institutions. Several UK-based insurance companies have brought in South African partners with this argument in mind.

In theory, all capital transfers must be routed through Financial Rand, the investment currency the rate of which is currently about 27 per cent below the commercial exchange rate.

Some companies, however, have been able to remit part of their divestment proceeds through commercial Rand in the form of special dividends. Dunlop repatriated R4.3m of its sale price of R17.1m at the commercial rate in this way.

Despite the squeeze on profits and cash flow in the UK, several companies have committed themselves to expanding their South African operations.

Mr. Peter Campbell, deputy managing director of Metal Box South Africa, the parent of which recently took up its 56 per cent share of a R20m rights issue, said: "We earn a better return keeping the money invested in South Africa where it's making a good profit." The South African company's capital budget amounted to R23m in 1980, and it is believed to be on the look out for new acquisitions.

A particularly interesting case is that of Leyland South Africa, BL's wholly-owned subsidiary. Like its parent, Leyland suffered one setback after another in the late 1970s. Its share of the car market has dropped to a meagre 1.6 per cent.

Serious consideration was given to selling the company's assembly line and withdrawing from South Africa. "The only decision we had to make was whether we could turn the company around," one senior executive said. Divesting would have been expensive, since the company would have had difficulty recouping its R60m investment. Leyland's plant is the only motor assembly facility in Cape Town, a long way from the major markets and most component suppliers.

In the past year, the company has restored overall profitability, thanks to improved truck and bus sales. Instead of thoughts of withdrawal, it has committed itself to substantial new investments, including R4m for making components for the new government-backed Atlantis diesel engine plant, and R3m on fitting Atlantis engines to Leyland trucks.

This announcement appears as a matter of record only

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY

US $ 76,600,000
Loan Facility

Lead Managed by

European Asian Bank

Managed by

The Bank of Tokyo, Ltd. · Citicorp International Group · Creditanstalt-Bankverein
Sanwa International Finance Limited · Société Générale
Société Générale de Banque S.A. · Wardley Limited

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American Express International Banking Corporation (Manila Offshore Branch) · The Royal Bank of Canada Group

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American Express International Banking Corporation (Manila Offshore Branch) · Banco di Roma (Hong Kong Branch) · Bank of Scotland
The Bank of Tokyo, Ltd. · Citibank, N.A. · Creditanstalt-Bankverein · European Asian Bank (Manila Offshore Branch)
The Hongkong and Shanghai Banking Corporation (Manila FCDU) · Irving Trust Company
The Royal Bank of Canada (Asia) Limited · Sanwa International Finance Limited
Security Pacific Bank · Société Générale (Manila Offshore Branch) · Société Générale de Banque S.A.
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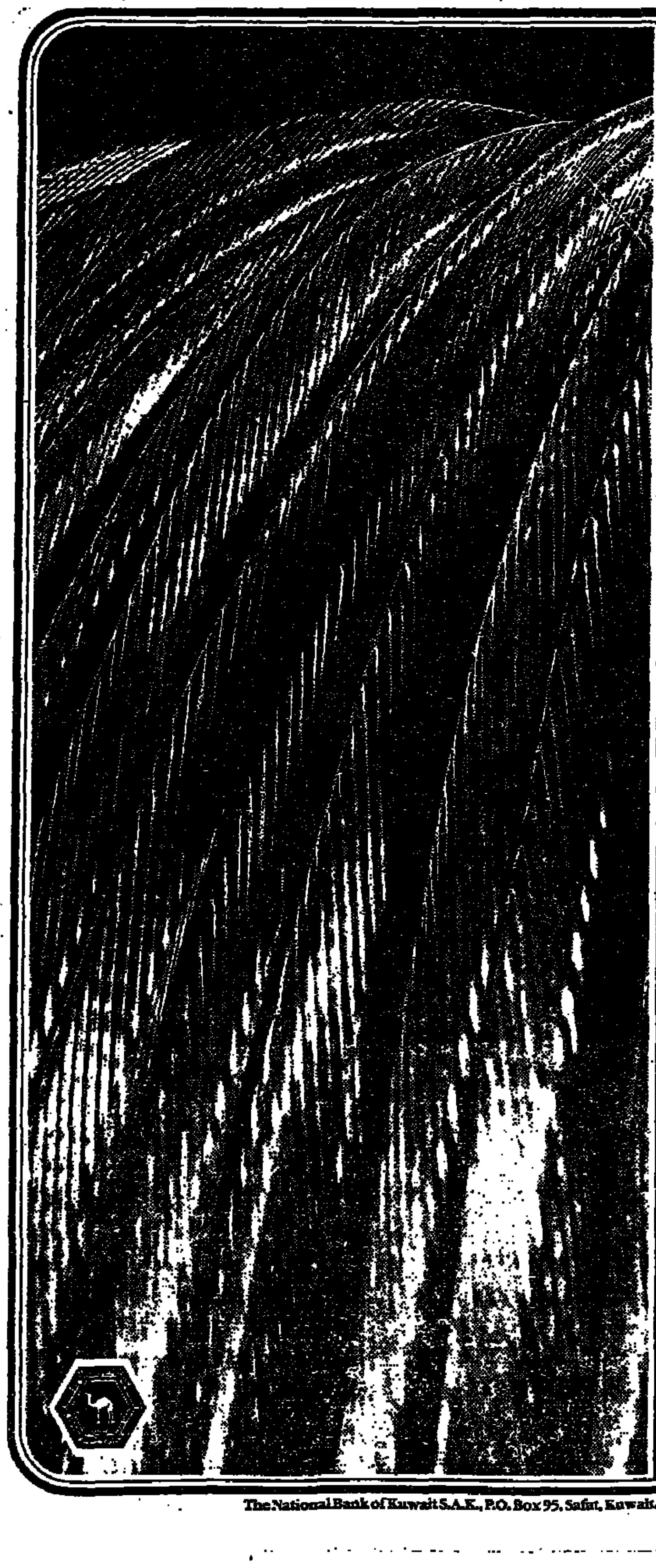
April, 1981



SOCIETA FINANZIARIA MECCANICA S.P.A.
Medium Term Loan
The National Bank of Kuwait S.A.K.

ROMANIAN BANK FOR FOREIGN TRADE
Medium Term Loan
The National Bank of Kuwait S.A.K.

FINANCIERA NACIONAL AZUCARERA S.A., MEXICO
Medium Term Loan
The National Bank of Kuwait S.A.K.

BANQUE NATIONALE D'ALGERIE
Medium Term Loan
The National Bank of Kuwait S.A.K.

CESKOSLOVENSKA OBCHODNI BANKA A.S.
Medium Term Loan
The National Bank of Kuwait S.A.K.

KOREA EXCHANGE BANK
Medium Term Loan
The National Bank of Kuwait S.A.K.

ISHIKAWAJIMA-HARIMA HEAVY INDUSTRIES CO. LTD.
Guarantee Facilities
The National Bank of Kuwait S.A.K.

J.G.C. CORPORATION
Guarantee Facility
The National Bank of Kuwait S.A.K.

BBC
BBC BROWN, BOVERI AND COMPANY LIMITED, BADEN
Medium Term Loan
The National Bank of Kuwait S.A.K.

CGEE ALSTHOM-COGELEX
Medium Term Loan
The National Bank of Kuwait S.A.K.

The National Bank of Kuwait S.A.K., P.O. Box 95, Safat, Kuwait. Telex: 4654.

These securities having been placed privately outside The Netherlands, this announcement appears as a matter of record only.

WORLD BANK

International Bank for Reconstruction and Development

Dfls 100,000,000
12 per cent. Dutch Guilder Notes of 1981, due 1986

Annual coupons June 1

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.
Deutsche Bank Aktiengesellschaft
Nomura International Limited
Bank Mees & Hope NV
Salomon Brothers International
Pierson, Heldring & Pierson N.V.
Union Bank of Switzerland (Securities) Limited

May 1981

Cuts bite deep at Birmid Qualcast's foundries

By Arthur Smith, Midlands Correspondent

AS BRITAIN'S principal supplier of lawn-mowers Birmid Qualcast inevitably enjoys a popular image: an expensive advertising campaign now underway is aimed at boosting the company's profitable £35m share of the market.

But away from the glamorous television and newspaper promotions the group, with a £210m annual turnover, presents a different face. To industry it is a key supplier of components. One of the biggest foundry operations in Europe, it accounts for around one third of the ferrous casting supplied to the UK automotive industry.

Dependence upon the troubled vehicles sector, however, has taken its toll, particularly in the last 12 months when the group has cut its labour force by nearly one third to 10,000. The social consequences of such a rapid rundown are only too apparent in the backstreets of Smethwick, the metal-bashing area of Birmingham where Birmid's foundry operations are concentrated. "Birmid was Smethwick. It was an institution. Rather like the Commonwealth people thought it would go on forever. Now unbelievably, it has gone," complains one of the foundry managers.

The company's elegant glass and concrete head office erected during the 1960s as the public expression of Birmid's success in booming post-war Britain, stands stark. As far as the eye can see across some 60 acres the sombre brick and asbestos factory building, the views reflect Birmid's achievements since the turn of the century in providing castings for British industry, particularly important sectors such as vehicles, aircraft and defence.

BIRMID QUALCAST RESULTS

	1980 (52 weeks) Turnover £000	% of total	Trading profit (loss) £000
Foundry products	120,784	57	(1,443)
Heating products	20,698	10	2,491
Home and garden equipment	41,786	20	3,318
Wrought and engineering products	27,707	13	(696)
Miscellaneous	—	—	32
Total	210,375	100	3,702

Now much of the site is silent. Five of the foundries have shut within two years. More than 3,000 jobs have been lost. The massive cupolas which once dominated the skyline are being dismantled and buildings demolished to make way for a 25-acre industrial estate.

Birmid is not alone in cutting capacity and shedding jobs in a district with one of the highest concentrations of industry. Street after street with derelict sites, empty factories and to let boards leads Mr. Geoffrey Hadley, the Sandwell town clerk, to talk of "the trauma of unemployment." He maintains his district is one of the most deprived in Britain. "Social problems are mounting. With unemployment the strains of keeping families together often becomes too much."

Closure decisions are always painful, says Mr. Terry Davies, chairman of Birmid's £120m a year foundries division. A tall quietly-spoken man, he has worked his way up through the management ranks after training as a pattern-maker in Wolverhampton. In the Black Country where there is pride in the skills of the foundries, his father and grandfather had worked in the industry.

Birmid in over four years has halved ferrous capacity from 300,000 tonnes to 150,000 tonnes. But it was in 1980 that the pace quickened. From last April, says Mr. Davies, there was "a dramatic downturn across all sectors of the European car, truck and tractor industries." He maintains the succession of closures came not because of short-term problems but because of "the decline of UK manufacturing industry and a more pessimistic view of its requirements over the next five years."

Investment has been committed to modernise Birmid's foundries and Mr. Davies insists "productivity and facilities are now comparable with the best in Europe." But there is still extensive short-time working. No further surgery is planned but he can give no guarantee that it might not eventually prove necessary.

Birmid's contraction mirrors that of the industry as a whole according to Mr. Derek Farrant, director of the Council of Ironfoundry Associations. Total output last year is provisionally estimated at 1.8m tonnes compared with more than 3m tonnes in 1975. Most of the 70,000 workers are currently on short-time.

Birmid has recently set up offices in France and Germany to increase ferrous exports already worth more than £12m a year. But Mr. Davies complains: "We are seriously handicapped by the strength of sterling, lower energy and raw material costs and government aid given to certain of our competitors." Such factories also encourage low-priced imports into the UK, particularly from Spain, Brazil and India.

On a brighter note the company's three light alloy foundries—which supply around 15 per cent of UK output—are benefiting from the switch from ferrous castings to aluminium, notably for components such as engine blocks and cylinder heads.

Among analysts there is some criticism of the company for having maintained its heavy dependence upon the foundry sector—though none predicted the extent of the present downturn.

Diversification provided the logic of the merger in 1967 between Birmid, with its extensive foundries, and Qualcast with its dominance of the UK lawn-mower market.

The lawn-mower operation, with factories at Derby and Stowmarket, has proved a success contributing much of the £3.3m profit last year in the home and garden equipment division. Greenhouses, ladders and kitchen equipment are also manufactured. Qualcast's share of the UK lawn-mower sales has dropped from the 85 per cent of the late 1960s but the company is expected to maintain profitability and continue to hold around half the market.

Potterton, the boiler and heating systems company acquired in 1973, offered two benefits. It was a consumer based business and it had a winter selling season to complement the summer sales of lawnmowers. The timing of the acquisition was unfortunate, however as Birmid bought at the height of the central heating boom which was quickly to tail off. A recently completed rationalisation programme to concentrate manufacture at one Warwick site rather than two has brought an improvement: a profit of nearly £2.5m was earned last year.

The controversial decision last summer to close Birmetals, in the West Midlands, and dismiss the 900 workers has also slightly changed the balance of the group. The company, which supplied aluminium alloys and other light metals to a wide range of industries, has been making losses for several years. Poor labour relations and an extended strike settled the issue for management. The rundown of Birmetals, with a £12m turnover, removes a substantial chunk from the wrought and engineering products division but should ensure its return to profit.

Mr. Alan Emson, Birmid's finance director, maintains that rationalisation and redundancies have cost the group around £13m over the past two years. Mr. Emson, recognised as the man who has taken tight control over cash flow, believes such spending is now out of the way and there will be a period of stability—"but with the current uncertainty in the national economy that has got to be a hope rather than an absolute guarantee."

Looking 10 years ahead he sees foundry activities similar to present levels but forming a smaller proportion of group output. The industrial estate to be developed at Smethwick would provide a reliable source of income and a useful diversification. It would give a platform from which to develop other activities.

The group was actively exploring new products and acquisitions: "Our borrowings are not excessive and I am sure we would get financial support for any logical acquisition," Mr. Emson says. Director-level study teams had been set up within the principal operating divisions to investigate what new products might be offered or associated activities established.

Birmid, though one of Britain's traditional manufacturing companies, is conscious of the impatience of some observers at its failure so far to come up with an important new growth activity. But Mr Emson remains unflustered: "Diversification for a company of our size is not easy. It is one thing to identify what needs doing. It is another to pick the winners, and it takes time."

CONTRACTS

£7m East Anglian signalling scheme

GEC-GENERAL SIGNAL has been awarded a contract valued at about £7m for modernising the signalling on 56 route miles of railway lines radiating from Cambridge to Bishops Stortford, Ely, Royston and towards Fulbourn on the Newmarket branch.

This signalling project, covering a total of 171 main signals, 70 ground signals and 471 track circuits, all of which will be controlled from the new signalling centre at Cambridge, will be fully compatible with the electric traction system when it is installed. The signalling centre, in addition to controlling its local area, will also supervise remote interlockings at Great Chesterford, Whittlesford, Foxton and Chesterton Junction.

★

The Falkirk office of **HUMPHREYS AND GLASGOW SERVICES** has been awarded a further contract for housing improvements in Glasgow by the Springburn and Possilpark Housing Association for the rehabilitation of two tenements in Allander Street.

★

HORNE-BAILEY, Middlesbrough, part of the N. G. Bailey organisation, has been awarded the electrical installation contract for the chemical engineering block at the Teesside Polytechnic in Middlesbrough.

★

The contract for the instrumentation hook-up and commissioning of the Shell-Esso North Cormorant production platform in the Northern North Sea has been won by **VAULDALE ENGINEERING**, of Teesside and Aberdeen (part of the N. G. Bailey Organisation). The company has also been awarded specialist work in connection with process control modifications on the Cormorant Alpha platform. Neither Vauldale nor Shell UK Exploration and Production have disclosed the contract values.

★

R. J. P. NICKLIN AND COMPANY, Rotherham and Aberdeen based company of quality assurance engineers, has been awarded a contract for N.D.T. operator services for the 1981 season on Claymore "A" and Piper "A" North Sea oil production platforms by Occidental (Caledonia), to carry out a continuous programme of ultrasonic and radiography checks.

★

GEC TELECOMMUNICATIONS has won an order for an SL-1 digital business communications system from British Telecom International (BTI). BTI is responsible for providing all overseas connections to and from the UK for telephone calls, data services, etc. The computer-controlled system will have 91 outgoing and 96 incoming exchange lines, 1,500 extension lines, and 36 private lines. GEC engineers will instal the system in BTI's new headquarters building at Holborn and it will also serve BTI staff at Lintas House and Landsec House.

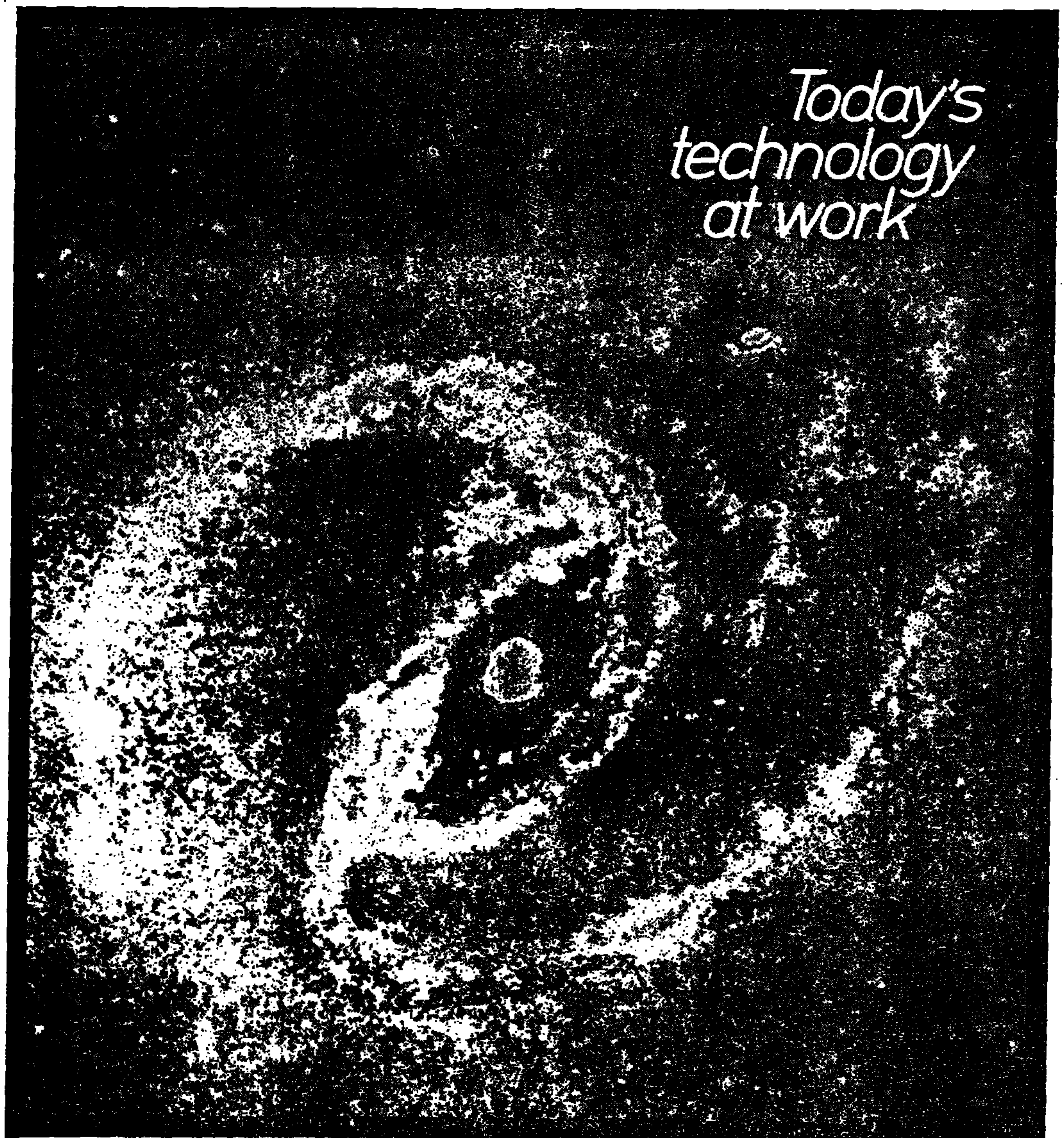
★

OILFAB PROJECT SERVICES, Aberdeen, has been awarded the dimensional control contract on the North West Hutton project for Amoco (UK) Exploration. Work locations will be at sites in the UK and in Holland.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
Robert Fraser	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14½%
First Nat. Secs. Ltd.	14½%
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9¼%.
‖ 21-day deposits over £1,000 10½%.



DR JEAN LORRE

TRANSCRIPT

CARBONLESS COPY PAPER FOR THE AGE OF THE MICROCHIP

The NGC 1097 galaxy transformed into a blazing electronic tapestry by the technique of computer enhancement—a powerful new tool in optical astronomy and many other scientific disciplines. High technology is working miracles.

Carbonless copy paper, so vital a part of today's computer and business systems revolution, is opening up whole new worlds of opportunity, thanks to the advanced technology of Transcript, the pathfinder.

DRG PAPER & BOARD FIFE MILLS

Rossing to start mineral exploration

BY GEORGE MILLING-STANLEY

IN A SHOW of confidence in the future of mineral production in Namibia, the Rio Tinto-Zinc group's Rossing Uranium is to begin an exploration programme in the country.

This is the first time Rossing has undertaken exploration work since it was set up as a uranium producer in 1970.

Rossing has appointed an exploration manager, who arrived at the company's headquarters in Windhoek earlier this week. His first task will be to set up a team of geologists, and Mr. Craig Gibson, Rossing's managing director, said yesterday that the team will start preliminary investigations in June.

No details of the expected costs have been disclosed, and it is still not known on what areas of the country the team will be concentrating.

Mr. Gibson did say that the exploration will not confine itself to uranium, but will cover copper, zinc and other minerals.

The team's preliminary investigation will include a study of the geological data available on Namibia. A substantial amount of mineral exploration work has already been carried out in the country, some of it dating back to the days of German rule at the turn of the century. The Germans prepared an extensive geological survey of the territory.

The timing of Rossing's decision to start exploration work may seem curious in view of the uncertainties currently surrounding Namibia's political future, but RTZ has always taken the view that this mineral-rich country will be developed, whoever is in power.

The success of the Rossing mine, a major contributor to group profits, demonstrates the group's expertise, and RTZ is clearly hoping that it will have a role to play in mineral development in Namibia whatever the political complexion of the country's government.

Apart from that, Rossing can now be regarded as a mature operation, and one which will continue to make profits for the group. Expansion into new ventures would thus seem to be the logical next step.

Rossing's decision will be welcomed by the authorities in Namibia, who are concerned to speed up the pace of mineral development.

Mining's contribution to the country's gross domestic product fell last year by 2 per cent to 49 per cent, largely as a result of falling profits from diamonds, of which Namibia ranks as one of the world's leading producers.

The fall would have been bigger but for the excellent performance by Rossing, and the authorities are considering ways of reversing the decline in the contribution from the mining industry.

One proposal which has been mooted is to make mining rights tenable for only six months, in order to accelerate development decisions.

This idea met a frosty reception from several companies with interests in Namibia, some of which have been held for a number of years pending decisions to go ahead with development, and it now seems unlikely to get off the ground.

First quarter fall at Placer

THE DEEPENING recession is having a "very depressing effect" on the earnings of all Canadian mining companies, including Placer Development, according to Mr. Ross G. Duthie, Placer's president.

Placer's net profit for the first quarter was C$9.4m (£3.7m), down from C$26.4m in the first three months of last year, reports John Soganish from Toronto.

Mr. Duthie told the annual meeting that the most significant causes of the downturn were lower metal prices and higher interest charges on funds borrowed for new projects.

Despite these poor results, Mr. Duthie said Placer was in a good financial state, and added that "the company remains in an excellent position to develop additional mines, to acquire additional assets and to benefit from any upturn in metal markets."

The 70 per cent-owned silver operation in British Columbia, which has been on stream since late last year, and the 34 per cent-owned Real de Angeles silver mine in Mexico, scheduled to start in 1982, will both be significant contributors to Placer's profits in the future.

The Mexican mine will be producing about 10m ounces of silver a year.

At present, Placer has three ventures in an advanced stage of exploration and evaluation, and several more where preliminary studies indicate high potential.

Prospects close to a decision are the Kidston low grade gold-silver operation in Queensland, the Gold Sunlight gold project in Montana and the Adanac molybdenum deposit in northern British Columbia.

Mr. Duthie said he regarded the re-entry of the company into large-scale gold mining as an exciting prospect. Placer was set up in 1926 specifically to investigate and develop placer, or alluvial, gold deposits.

Gold could once more become a major source of the company's income, and could tend to moderate the wide fluctuations in earnings caused by market cycles in base metals, Mr. Duthie said.

Perth SE queries fall in Strata Oil

IN REPLY to a query from the Perth Stock Exchange, Australia's Strata Oil said yesterday it "does not consider that it is in possession of any information which if generally available to the public would be likely to materially affect the price of the company's securities."

The Perth Stock Exchange's query followed the recent sharp fall in Strata's share price, which closed in London yesterday at 90p.

Strata's shares soared to a record 218p in January this year on rumours that the Woodada 3 well, drilled at Woodada in the Perth Basin of Western Australia, had struck oil.

Strata has asked the operator of the Woodada series of wells, Hughes and Hughes of Texas, to prepare a programme to ensure satisfactory completion of testing of the No. 3 well as soon as possible.

Regarding the construction of a spur gas pipeline to connect to Woodada 1 and 2, Strata says the Woodada participants have deferred all plans for the pipeline pending completion of Woodada 3 and complete evaluation of all the Woodada wells.

Subsequent testing of Woodada 3 proved the presence of oil, but the well failed to maintain oil flow owing to mechanical problems associated with the injection of acid stimulants, drilling mud and cement.

In the reply to the query Strata said results of the testing programme, although inconclusive, indicated the possible presence of an oil reservoir and that up to 15 per cent of the approximately 1,600 barrels of fluid recovered during the swabbing operation (attempts to recover instruments lost in the well) was crude oil.

New nickel mines in Canada

CANADA'S Falconbridge Nickel, the country's second biggest producer of the metal behind Inco, is continuing to develop new mines, despite the fact that its operations in the Sudbury district of Ontario are currently operating below capacity.

The Sudbury mines and plants are running at about 70 per cent of capacity owing to the depressed conditions in the world nickel market.

Nevertheless, Falconbridge is going ahead with development work at its big Fraser mine in the same district, and the first nickel-copper ore will be fed to the concentrator by late summer.

The company expects a steady build-up in output from then until the end of 1983, when the full capacity of 2,500 short tons per day will be reached.

Exploration work continues, to examine other known ore zones at Fraser.

Production at Falconbridge's Craig mine, also in Sudbury, is expected to start in 1987. Meanwhile, plans at this prospect call for initial development work to be done from a drift originating from the 4,800 ft level in the neighbouring Onaping mine.

Once the Craig operation is in production, the ore will be hoisted via a new shaft.

Construction of an access road and preparation of the shaft site will start this year.

Craig's reserves are estimated at 5.5m short tons, averaging 2 per cent nickel and 0.76 per cent copper per ton.

Amos Hinton and Sons climbs 44% to £1.3m

GROUP pre-tax profit of Amos Hinton and Sons climbed 44 per cent in the 53 weeks to March 7, 1981, from £878,000 to £1.3m on turnover up 15.2 per cent at £90.15m compared with £76.71m. This increase in sales included a 3 per cent increase by volume.

There is a final dividend of 4.2p (2.2p) per 10p share bringing the taking for the year up 50 per cent to 6p.

At the half-year stage this food and drink retailer made a pre-tax profit of £422,000 (£403,000) on turnover of £43.57m (£38.47m).

Tax came out as a credit of £747,000 (£83,000 charge) after a charge for the year of £240,527 and a credit of £987,573 for the write-back of deferred tax. After an extraordinary credit of £190,000 (£23,000) the amount attributable emerged at £2.24m (£818,000).

The earnings per share are stated at 19.35p (14.45p) and have been calculated on the basis of the current year tax charge only. The net assets per share are given as 166p, up from 128p, and this increase includes the write-back for deferred tax of 18p.

21 companies wound up

COMPULSORY winding up orders against 21 companies are made by Mr. Justice Dillon in the High Court. They were:

Leicester Rustproofing Co., Rothervale Construction, Trystacre Builders, Triack (London), Usk Vale Meat Products.

Bowdeem, QT Discount Foodstores, Shorelink (Marine Traders), Clifford — Sparbouy, Ridgard Seats.

Thanet European Air Services, Harrisons Scaffolding, Ukcon (Land, Sea, Air), Intep (UK), Wembley Secretarial and Accounting Services.

FCT Furniture and Carpet Trends, Honorglow, J. J. Robinson (Industrial Engravers), Templeclass, Perkwise, Chas. J. Ell and Sons.

A compulsory winding up order made on May 11 against Imperial Building Contractors was rescinded and the petition dismissed by consent.

YEARLINGS UNCHANGED

The interest rate for this week's issue of local authority bonds is 12¾ per cent, unchanged from last week. The bonds are issued at par and are redeemable on May 26, 1982.

A full list of issues will be published in tomorrow's edition.

First half setback for Bluemel

Turnover of Bluemel Bros., the Coventry-based manufacturer of cycle and motor accessories, fell £1.19m to £2.17m for the half year to March 27, 1981, and the group slumped to a pre-tax loss of £353,276, against a profit last time of £215,279.

The loss was struck after redundancy costs of £63,156 (nil). The chairman says overheads have been considerably trimmed by reducing indirect costs.

In view of the circumstances, the directors have decided not to pay an interim dividend at this stage. In the last full year the group paid an interim of 1.65p and a net total dividend of 3.3p.

The chairman says there is no indication of an upturn in business at the moment. The home market remains very depressed and the continued strength of the pound makes it very difficult to compete in traditional export markets.

The loss per 25p share emerged at 15.53p, against earnings last time of 4.54p, after a nil tax charge (£111,945).

Mappin & Webb has second half setback

Second half pre-tax profits of Mappin and Webb, retail jeweller and silversmith, fell from £3.22m to £1.66m, resulting in figures for the 53 weeks to January 30, 1981 showing a downturn from £3.87m to £2.02m. There was an increase in turnover, however, from £38.74m to £39.82m.

There was a tax credit this time of £363,000 against a charge of £120,000 in the previous year.

Mappin and Webb is a subsidiary of Sears Holdings, whose figures were reported on May 11.

Rise in profits for Trafalgar mining group

Cementation Company (Africa), the South African engineering and mining services company controlled by Trafalgar House, made an operating profit of R 2.51m (£1.44m) in the six months to the end of March 1981, compared with R 2.24m. In the previous full year, the group showed profits of R 4.34m.

Dividends of R 370,000 were received from the 50 per cent-owned Gold Fields Cementation mining services company, against R 350,000 in the first half of 1980 and R 700,000 in the previous full year.

Towards the end of last year management warned that the structural steel market remained difficult. And though the order book has expanded with a major gold mine development contract, profits will only be taken into account gradually.

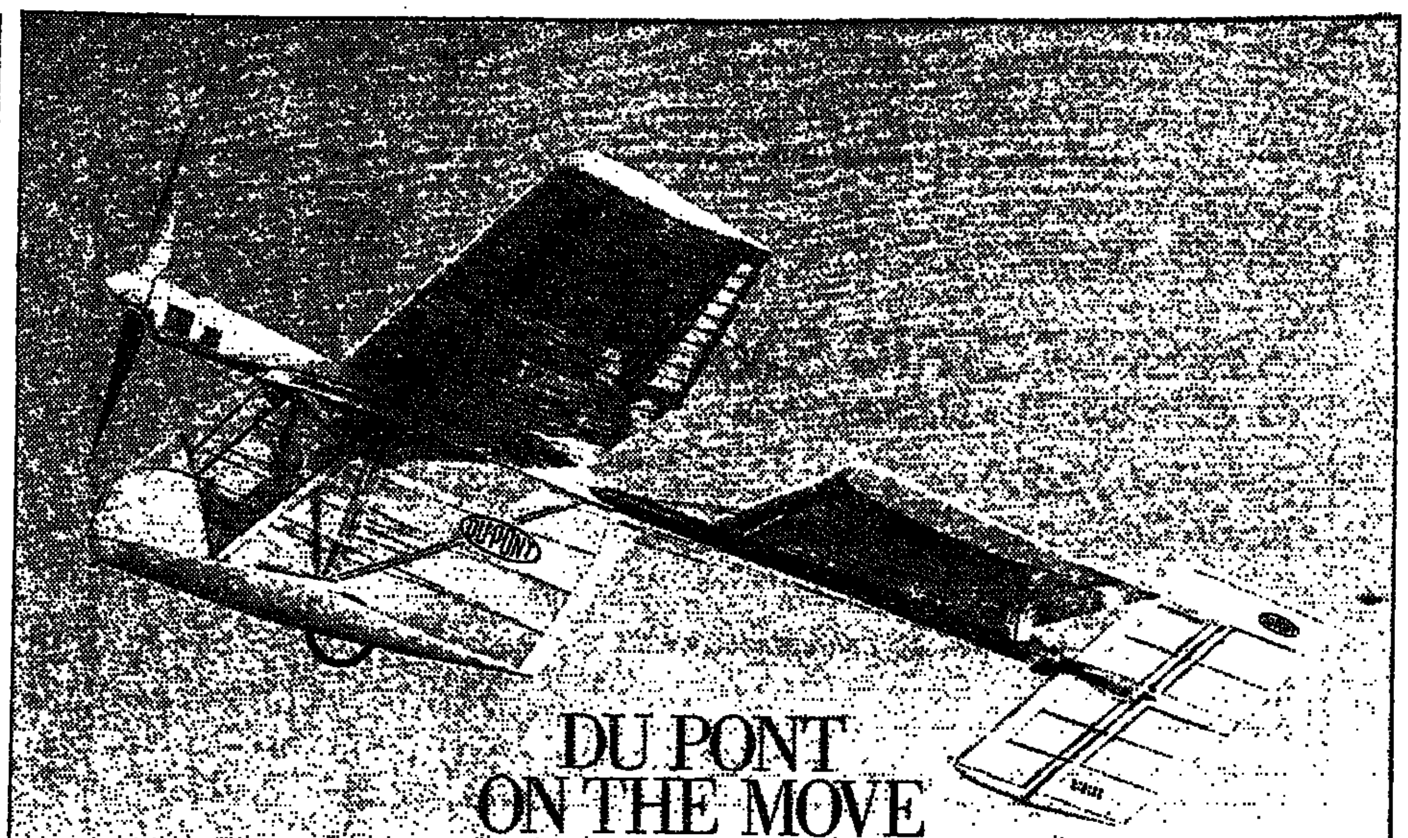
An interim dividend of 11.5 cents has been declared from first-half earnings of 29.3 cents a share. Last year the interim payment was 8.5 cents and first-half earnings 25.8 cents a share. A dividend total of 18 cents was paid last year from earnings per share of 53.1 cents.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug.		Nov.		Feb.		
GOLD C	$475	6	43	6	62	—	—	$462
GOLD C	$500	5	30 A	3	50	—	—	"
GOLD C	$525	2	21	—	—	—	—	"
GOLD C	$550	—		6	27	—	—	"
GOLD P	$475	18	13	—	—	—	—	"
GOLD P	$500	2	24.50	—	—	—	—	"
		June		Sept.		Dec.		
GM C	$50	10	5½	—	—	—	—	$54½
GM C	$60	—	—	10	1⅞	—	—	"
		July		Oct.		Jan.		
ABN C	F.300	15	3.50	5	8	—	—	F.281
ABN C	F.320	5	0.50	—	—	—	—	"
AKZO C	F.20	5	2.80	20	3.50	—	—	F.22.20
AKZO C	F.22.50	10	1.60	—	—	—	—	"
AKZO C	F.25	13	0.60	22	1.40 A	—	—	"
AKZO P	F.22.50	15	0.90	—	—	—	—	"
AKZO P	F.25	20	2.80 B	—	—	5	3.20	"
AMRO C	F.55	—	—	10	2.20	5	3	F.52.80
HEIN C	F.55	—	—	21	3	—	—	F.55.10
HEIN C	F.60	21	0.60	14	1.50	—	—	"
HEIN P	F.50	7	1	10	1.50	—	—	"
HEIN P	F.55	5	2.70	—	—	—	—	"
HOOG C	F.17.50	—	—	60	2.20	—	—	F.17
HOOG C	F.20	—	—	5	1.30	—	—	"
KLM C	F.80	10	45	—	—	—	—	F.123.30
KLM C	F.100	15	25	—	—	—	—	"
KLM C	F.110	—	—	35	24.50 A	—	—	"
KLM C	F.120	46	13.50	—	—	—	—	"
KLM C	F.130	81	7.80	—	—	—	—	"
KLM C	F.140	79	4.50	12	8	—	—	"
KLM P	F.100	18	1.90	—	—	—	—	"
KLM P	F.110	18	4.50 B	—	—	—	—	"
KLM P	F.120	39	9 B	—	—	—	—	"
KLM P	F.130	10	14 B	—	—	—	—	"
NATN C	F.115	—	—	7	4.50	—	—	F.110.20
NATN C	F.120	—	—	13	3	—	—	"
NATN C	F.130	—	—	59	0.60	—	—	"
NATN P	F.110	—	—	21	4.50	—	—	"
PHIL C	F.20	29	2.10	232	2.90	10	3.50	F.21.20
PHIL C	F.22.50	34	0.80	379	1.60	75	2.30	"
PHIL P	F.20	—	—	—	—	40	1	"
PHIL P	F.22.50	10	1.50	—	—	30	2	"
PEUG C	F.160	—	—	—	—	8	13	F.146
RD C	F.90	79	7	—	—	—	—	F.96
RD C	F.95	89	4	—	—	—	—	"
RD C	F.100	99	2	64	4.50	6	6.70	"
RD C	F.110	73	0.50	24	1.90 A	—	—	"
RD P	F.90	45	2.80	30	4.20	—	—	"
RD P	F.95	67	5.20 B	—	—	—	—	"
RD P	F.100	11	9	20	10.50	—	—	"
UNIL C	F.130	8	26.30	—	—	—	—	F.156
UNIL C	F.130	—	—	9	20.80	—	—	"
UNIL C	F.140	—	—	17	16	—	—	"
UNIL C	F.160	21	6.10	6	7	6	9	"
UNIL P	F.150	7	4.70	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$35	10	1¼	—	—	—	—	$33
BOEI P	$35	10	2⅛	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 9380

A=Asked B=Bid C=Call P=Put



DU PONT ON THE MOVE

Du Pont are looking to new horizons: new technology, new products, new challenges.

Next month, for example, Du Pont are sponsoring the Solar Challenger, a remarkable, lightweight aircraft powered by direct conversion of sunlight into electricity in an attempt to fly from Paris to London.

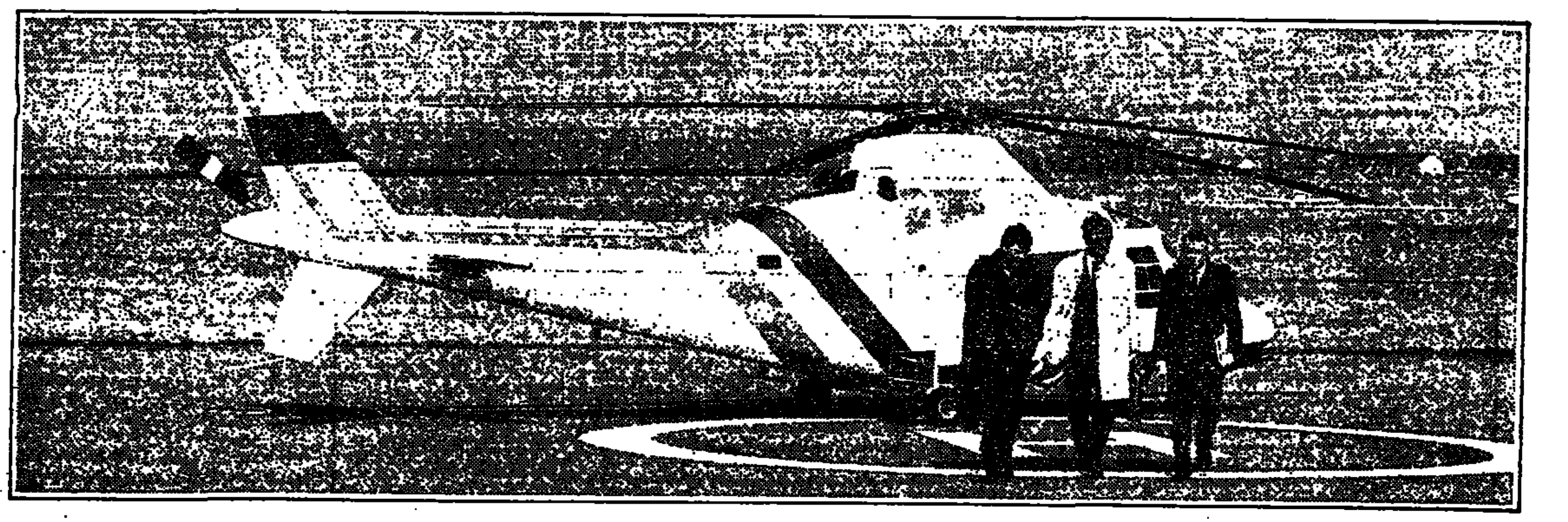
We also have a new address:-
Du Pont (UK) Limited
Wedgwood Way
Stevenage
Hertfordshire SG1 4QN
Tel: Stevenage 0438 734000

Out at Stevenage, Du Pont (UK) Limited have built a new office and industrial complex to house Corporate Management and various Photo Products Department operations including Photo Systems, Instrument Products Division, Berg Electronics and Electronic Materials Department. It will also be the base for the marketing activities of the Biochemicals, Petrochemicals and Fabrics and Finishes Departments. Manufacturing and warehousing activities of our Photo Products Department remain at St. Neots. All Polymer Products Department marketing and technical service operations are now located at Hemel Hempstead.

AT THE LEADING EDGE OF TECHNOLOGY

DU PONT

Hypo-Bank royal client service is available wherever and whenever you need it.



Royal treatment is a Hypo-Bank service tradition that dates back to 1835 when we were established in Munich by royal proclamation by King Ludwig I of Bavaria.

A tradition of going to great lengths to satisfy client requirements in all fields of banking and finance, wherever and whenever they are needed.

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New Issue
May 20, 1981

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Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.
Phillips & Drew, Lee House, London Wall, London EC2Y 5AP.

20th May, 1981.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

Dollar renewed its upward trend yesterday following a late increase in Eurodollar interest rates, and an upward revision in the growth of U.S. gross national product in the first quarter. The increase in GNP was the largest quarterly rise since the second quarter of 1978. Earlier in the day trading was dull, but demand for the dollar increased with the opening of the U.S. market.

Sterling weakened against the dollar and major currencies in general, falling quite sharply in late London trading because of the strength of the dollar at a time when Continental centres had closed for the day.

European currencies lost ground to the dollar, with the D-mark and French franc requiring central bank support. The French currency remained on its EMS floor against the D-mark despite a rise to a record level in Paris interest rates.

DOLLAR — trade-weighted index (Bank of England) was unchanged at 106.1. The dollar rose to DM 2.3085 from DM 2.3045 against the D-mark, after touching a peak of DM 2.3125. It was unchanged at SwFr 2.0550 in terms of the Swiss franc, but rose to FFr 5.56 from FFr 5.5475 against the French franc. The Japanese yen was firmer however, with the dollar falling to Y220.90 from Y222.

STERLING — trade-weighted index (Bank of England) fell to 98.9 from 99.2, and stood at 98.9 in the morning and at noon. The pound opened at $2.0910-2.0920, and touched a high point of $2.0965-2.0975 in early trading. The improvement of the dollar pushed sterling down to a low of $2.0760-2.0770 in the afternoon, and it closed at $2.0770-2.0780, a fall of 1.15 cents on the day. The pound fell to DM 4.7975 from DM 4.8150, to FFr 11.55 from FFr 11.5850, to SwFr 4.27 from SwFr 4.2950, and to Y459.25 from Y464.

D-MARK—Strongest member of the European Monetary System, but the sudden fall of the French franc has led to sales of D-marks to maintain EMS agreed limits causing the German currency to weaken against the dollar. The rise in U.S. interest rates has also depressed the D-mark, leading to speculation about an increase in the Bundesbank special Lombard rate—The Bundesbank gave support to the D-mark and French franc at the Frankfurt fixing. The German authorities sold $12.9m when the dollar rose to DM 2.2932 from DM 2.2904. It opened at DM 2.2900 and moved above DM 2.3000 in late European trading. At the same time the Bundesbank bought FFr 14.2m when the franc was fixed at its EMS floor of DM 41.505 per 100 francs. Sterling fell to DM 4.7970 from DM 4.7980 at the fixing, but improved to DM 4.8050 in the afternoon.

FRENCH FRANC—Very weak against the dollar and European currencies following the Socialist win in the Presidential election. Higher interest rates and heavy central bank support have failed to prevent the franc falling to the lowest position within the EMS—The Bank of France sold between DM 70m and DM 100m at the Paris fixing, as the D-mark remained at its EMS ceiling of FFr 2.4093 against the franc. Later in the day there was little change in the D-mark/franc cross rate, although European currencies generally lost ground against the dollar. The U.S. unit rose above FFr 5.54, after being fixed at FFr 5.52725, compared with FFr 5.5185 on Monday. Sterling also improved in late trading, rising above FFr 11.57 from a fixing level of FFr 11.5650, compared with FFr 11.5680 on Monday.

THE DOLLAR SPOT AND FORWARD

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0760-2.0975	2.0770-2.0780	1.25-1.35c dis	−7.51	3.60-3.70dis	−7.03
Ireland†	1.5800-1.5995	1.5800-1.5820	0.45-0.65c dis	−4.16	1.32-1.72dis	−3.83
Canada	1.1977-1.2005	1.2001-1.2004	par-0.03 dis	−0.15	0.03 pm-par	0.05
Nethlnd.	2.5450-2.5635	2.5600-2.5620	1.75-1.65c pm	7.98	4.60-4.50 pm	7.10
Belgium	37.30-37.63	37.50-37.52	5-2c pm	1.12	9-4 pm	0.69
Denmark	7.2025-7.2490	7.2265-7.2280	1.50-1.10ore pm	2.16	4.00-3.60 pm	2.10
W. Ger.	2.2850-2.3125	2.3080-2.3090	1.35-1.29pf pm	6.86	3.70-3.64 pm	6.36
Portugal	60.60-60.90	60.70-60.70	par-30c dis	−2.96	20pm-80dis	−1.31
Spain	91.15-91.40	91.35-91.40	par-10c dis	−0.66	15-30 dis	−0.98
Italy	1140½-1145	1144-1145	1.40-1.90 lira dis	−1.73	5-6 dis	−1.92
Norway	5.6690-5.6875	5.6780-5.6800	3.30-2.80 ore pm	6.44	9.50-9.00 pm	6.51
France	5.5200-5.5650	5.5575-5.5625	0.10-0.60c dis	−0.76	par-1 dis	−0.36
Sweden	4.8860-4.9090	4.8970-4.8980	1.60-1.40 ore pm	3.67	3.90-3.70 pm	3.10
Japan	219.50-221.00	220.85-220.95	2.25-2.10y pm	11.81	6.15-6.00 pm	11.00
Austria	16.20¾-16.28¾	16.26½-16.26½	11-9½ gro pm	7.56	28½-24½	6.52
Switz.	2.0345-2.0600	2.0545-2.0556	1.75-1.65c pm	9.93	4.62-4.52 pm	8.59

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0760-2.0975	2.0770-2.0780	1.25-1.35c dis	−7.51	3.60-3.70dis	−7.03
Canada	2.4940-2.5080	2.4950-2.4960	1.40-1.50c dis	−6.97	4.05-4.20dis	−6.61
Nethlnd.	5.32-5.35½	5.32¼-5.33¼	½c pm-½ dis	—	⅛ pm-⅛ dis	0.09
Belgium	77.85-78.40	77.90-78.00	35-45c dis	−6.16	105-115 dis	−5.64
Denmark	15.04-15.09	15.04½-15.05½	8⅞-6ore dis	−3.54	11½-12⅞ dis	−3.19
Ireland	1.3070-1.3160	1.3140-1.3160	0.26-0.47p dis	−3.33	0.84-1.23dis	−3.15
W. Ger.	4.78½-4.82	4.79¼-4.80¼	⅛pf pm-⅛ dis	−0.31	⅛-⅛ dis	−0.52
Portugal	125.75-127.10	125.85-126.05	75-145c dis	−10.48	170-350 dis	−8.26
Spain	189.50-191.00	189.60-189.80	125-155c dis	−8.86	280-425 dis	−7.43
Italy	2380-2395	2382-2384	17½ 19½ lire dis	−9.31	52-55 dis	−8.98
Norway	11.79-11.88	11.79¼-11.80¼	¼-1¾ ore dis	−1.02	½-2½ dis	−0.44
France	11.54-11.58½	11.54½-11.55½	7½-8½c dis	−8.31	20½-22 dis	−7.33
Sweden	10.17-10.25½	10.17½-10.18½	2½-3½ ore dis	−3.76	9½-10½ dis	−3.88
Japan	458-463	458¾-459¾	2.05-1.60y pm	4.77	5.05-4.50 pm	4.16
Austria	33.75-34.05	33.75-33.80	3gro pm-2 dis	0.18	1 pm-9 dis	−0.47
Switz.	4.26-4.28½	4.26½-4.27½	1½-½c pm	2.11	2½-1½ pm	1.87

Belgian rate is for convertible francs. Financial franc 79.60-79.70.
Six-month forward dollar 5.55-5.65c dis. 12-month 8.10-8.30c dis.

CURRENCY MOVEMENTS

May 19	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.9	−26.7
U.S. dollar	106.1	+0.6
Canadian dollar	87.1	−17.6
Austrian schilling	112.9	+22.4
Belgian franc	106.8	+10.1
Danish kroner	86.9	−11.4
Deutsche mark	118.0	+38.3
Swiss franc	134.5	+76.8
Guilder	109.5	+14.5
French franc	82.5	−12.5
Lira	58.3	−52.2
Yen	14.33	+36.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.562132	0.528040
U.S. $	14	1.17733	1.10730
Canadian $	18.71	unavail.	1.32721
Austria Sch	6¾	19.0751	17.9272
Belgium F	14	43.9252	41.3632
Danish K	11	8.49032	7.97356
D mark	7½	2.69656	2.53616
Guilder	9	2.99689	2.81918
French Fr	9½	6.49710	6.11008
Lira	19	1345.65	1263.87
Yen	6¼	259.954	244.769
Norwgn. Kr.	9	6.67428	6.27507
Spanish Pts.	8	107.376	101.041
Swedish Kr.	12	5.77598	5.40528
Swiss Fr.	5	2.40387	2.26299
Greek Dr'ch.	20½	—	61.8538

OTHER CURRENCIES

May 19	£	$		£ Note Rates
Argentina Peso	6734-6754	3226-3236	Austria	33.75-34.10
Australia Dollar	1.8220-1.8260	0.8770-0.8775	Belgium	79.50-80.20
Brazil Cruzeiro	175.82-176.82	84.26-84.68	Denmark	15.03-15.18
Finland Markka	9.003-9.006	4.3160-4.3170	France	11.50-11.88
Greek Drachma	115.189-118.891	55.70-56.80	Germany	4.78½-4.81½
Hong Kong Dollar	11.36½-11.38½	5.4450-5.4480	Italy	2340-2395
Iran Rial	163.90*	78.25*	Japan	459-465
Kuwait Dinar(KD)	0.577-0.583	0.2776-0.2778	Netherlands	5.31½-5.35½
Luxembourg Frc.	77.90-78.00	37.50-37.52	Norway	11.80-11.90
Malaysia Dollar	4.8850-4.8950	2.3400-2.3420	Portugal	122½-129½
New Zealand Dlr	2.3625-2.3675	1.1365-1.1375	Spain	185¾-192¼
Saudi Arab. Riyal	7.03-7.09	3.3795-3.3815	Sweden	10.20-10.30
Singapore Dollar	4.4850-4.4950	2.1500-2.1520	Switzerland	4.25-4.29
Sth African Rand	1.7440-1.7460	0.8395-0.8405	United States	2.07½-2.09
U.A.E. Dirham	7.65-7.71	3.6720-3.6740	Yugoslavia	74-80

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3415	+1.33	+0.96	±1.5361
Danish Krone	7.91917	7.96649	+0.60	+0.22	±1.6413
German D-Mark	2.54502	2.53617	−0.35	−0.73	±1.1386
French Franc	5.99526	6.11032	+1.92	+1.54	±1.3638
Dutch Guilder	2.81318	2.82176	+0.30	−0.08	±1.5159
Irish Punt	0.685145	0.694053	+1.30	+0.92	±1.6688
Italian Lira	1262.92	1262.45	−0.04	−0.04	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.078	4.798	459.3	11.55	4.270	5.328	2383.	2.496	77.95
U.S. Dollar	0.481	1.	2.309	221.1	5.560	2.055	2.564	1147.	1.201	37.52
Deutschemark	0.208	0.433	1.	95.73	2.408	0.890	1.110	496.7	0.520	16.25
Japanese Yen 1 000	2.177	4.524	10.45	1000.	25.15	9.298	11.60	5189.	5.434	169.7
French Franc 10	0.866	1.799	4.154	397.6	10.	3.697	4.613	2063.	2.161	67.49
Swiss Franc	0.234	0.487	1.124	107.6	2.705	1.	1.248	558.1	0.584	18.25
Dutch Guilder	0.188	0.390	0.901	86.20	2.168	0.802	1.	447.5	0.468	14.63
Italian Lira 1,000	0.420	0.872	2.013	192.7	4.847	1.792	2.236	1000.	1.047	32.71
Canadian Dollar	0.401	0.832	1.922	184.0	4.628	1.711	2.135	954.9	1.	31.24
Belgian Franc 100	1.283	2.665	6.155	589.2	14.82	5.478	6.835	3057.	3.201	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 19)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 18 15/16	bid 17 15/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¼-11½	18¼-18½	17½-18½	10-10½	¼-par	10⅛-10⅜	17-17½	17½-19	13-16	6-6¼
7 days' notice	11⅜-11⅝	18⅜-18⅝	17½-18½	10¼-10¾	1-1½	10½-10⅝	18-18¾	18¼-20	15-17	6⅜-6⅝
Month	11⅞-12	18¾-19	18½-18⅞	11⅛-11⅜	9 7/16-9 9/16	12 1/16-12 3/16	18¾-19¼	20¼-21	16¾-17¾	6⅞-7⅛
Three months	12 1/16-12 3/16	19-19¼	18½-18⅞	11⅝-11⅞	9¾-9⅞	12⅜-12½	18¾-19¼	20¾-21½	17-18	7¾-8
Six months	12 3/16-12 5/16	18-18¼	17¾-18⅛	11¾-12	9¾-9⅞	12⅜-12½	18¼-18¾	20½-21¼	16½-17½	7 11/16-8 1/16
One Year	12¾-12 15/16	17 1/16-17¼	17¼-17⅝	11⅞-12⅛	9¼-9⅜	12⅜-12⅝	17-17½	20-20¾	16¼-17¼	8⅛-8⅜

SDR linked deposits: one-month 15-15⅜ per cent; three-months 15 5/16-15 11/16 per cent; six-months 14 13/16-15 3/16 per cent; one-year 14 5/16-14 11/16 per cent.
ECU linked deposits: one-month 14¾-14⅞ per cent; three-months 14 11/16-15 1/16 per cent; six-months 14 9/16-14 15/16 per cent; one-year 14¼-14⅝ per cent.
Asian $ (closing rates in Singapore): one-month 18½-18⅝ per cent; three-months 18⅞-19 per cent; six-months 17⅜-17⅞ per cent; one-year 16 15/16-17 1/16 per cent.
Long-term Eurodollar two-years 16⅜-16⅞ per cent; three-years 16½-16¾ per cent; four-years 16⅜-16⅝ per cent; five-years 16¼-16½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.55-18.65 per cent; three-months 18.70-18.80 per cent; six-months 17.80-17.90 per cent; one-year 16.95-17.05 per cent.

INTERNATIONAL MONEY MARKET

Paris call rate up

Short term money rates rose to a record 17½ per cent in Paris yesterday, up from Monday's level of 16 per cent. This followed last Thursday's move by the Bank of France when it raised its seven-day Treasury bill discount rate to 18 per cent. Day to day liquidity remained in good supply yesterday with yesterday's move bringing call money rates more into line with other rates. Call money has now risen 5½ points from 12½ per cent since the election victory of M. Mitterrand on May 10. This latest move had little impact on the French franc which remained at the bottom of the European Monetary System and at its floor level against the D-mark.

In Brussels the Belgian National Bank announced cuts in the rate on one, two and three-month Treasury certificates by a quarter of a point to 16⅞ per cent. The rate on four-month bond fund paper was unchanged at 17 per cent. Although only a small adjustment, the fall reflects in part an easing of pressure on the Belgian franc within the EMS since the devaluation of the Italian lira and the recent weakness of the French franc.

In Amsterdam the amount of the money market special discount facility for the two weeks from Thursday was announced by the central bank. This is the bank's way of providing liquidity for the market and the latest facility is worth just over Fl 2.5bn at a rate of 10⅞ per cent.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of eligible bank bills. The market was faced with a small number of bills maturing in official hands while on the other side, Government disbursements exceeded revenue transfers to the Exchequer by a small amount. Discount houses were paying 10½-10¾ per cent for secured call loans at the start with later balances taken at 11-11¾ per cent.

In the interbank market overnight loans opened at 11-11¼ per cent and eased briefly to 10¾-11 per cent before firming to 11¼-11½ per cent by early afternoon. Later in the day rates touched a high of 14-15 per cent and closing balances were taken at 13-14 per cent.

GOLD

Slight fall

Gold fell $2¼ to $477½-480½ in very quiet London bullion trading. It opened at $481½-484½ and was fixed at $483.25 in the morning and $481.50 in the afternoon. The metal fell slightly in the afternoon at the time of the opening of the U.S. market.

In Paris the 12½ kilo gold bar was fixed at FFr92,000 per kilo ($517.70 per ounce) in the afternoon, compared with FFr91,500 ($515.21) in the morning, and FFr94,700 ($533.74) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,665 per kilo ($483.77 per ounce), against DM 35,595 ($483.01) previously, and finished at $480-483, compared with $481-484.

In Zurich gold closed at $480-483, against $481-484.

	May 19		May 18	
Gold Bullion (fine ounce)				
Close	$477½-480½	(£229½-231)	$480-483	(£229½-231)
Opening	$481½-484½	(£229¾-231¼)	$480-483	(£230-231¾)
Morning fixing	$483.25	(£230.800)	$481.75	(£230.613)
Afternoon fixing	$481.50	(£230.570)	$481.75	(£229.625)
Gold Coins				
Krugerrand	$494-495	(£237¾-238¼)	$492½-493½	(£235¾-236¼)
1/2 Krugerrand	$254¾-255⅜	(£122½-123)	$254¼-255¼	(£121¾-122¼)
1/4 Krugerrand	$129¾-130¾	(£62½-63)	$129½-130½	(£62-62½)
1/10 Krugerrand	$53-54	(£25½-26)	$53-54	(£25¼-25¾)
Mapleleaf	$489-490	(£235¼-235¾)	$488½-489½	(£233¾-234¼)
New Sovereigns	$120¼-121	(£57¾-58¼)	$120-120¾	(£57½-58)
King Sovereigns	$130-132	(£62½-63½)	$131-133	(£62½-63½)
Victoria Sovs	$130-132	(£62½-63½)	$131-133	(£63½-63½)
French 20s	$196-200	(£94¼-96¼)	$196-199	(£93¾-95½)
50 pesos Mexico	$600-604	(£288¾-290¾)	$598-603	(£286¼-288½)
100 Cor. Austria	$467-471	(£224¾-226¾)	$466-469	(£222½-224½)
$20 Eagles	$585-590	(£281½-284)	$585-590	(£280-282)

LONDON MONEY RATES

May 19 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10¾-15	11¼-11½	—	—	11¼-11¾	10⅛-11¾	—	—	—
2 days notice	—	—	11⅛-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11⅜	11¾-11⅞	—	11⅝	11¾-11⅞	10⅞-11	—	—	—
One month	11 11/16-11 13/16	11 13/16-12	11⅞	13⅛-12⅞	12 1/16	12¼	11½	11 7/16-11 5/16	11 21/32-11 19/32	12 3/16
Two months	12⅛-11 15/16	12 1/16-12¼	—	13-12¾	12 7/16	12½	11⅝	11 5/16-11 9/32	11⅝-11 9/16	12 13/32
Three months	12¼-12⅛	12 3/16-12⅜	12¼	13-12⅝	12 9/16	12⅝	11¾	11 7/16-11 5/16	11 21/32-11 19/32	12 7/16
Six months	12 11/32-12 3/16	12⅜-12½	12¼-12½	13-12⅝	12¾	12⅞	—	—	11⅝-11 9/16	12⅛
Nine months	12⅜-12 5/16	12½-12⅝	—	13⅛-12¾	12¾	13	—	—	11⅝-11 9/16	—
One year	12½-12⅜	12⅝-12¾	12½-12¾	13-12¾	12 11/16	13⅛	—	—	—	—
Two years	—	—	13¼-13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞-13⅝ per cent; four years 13¾-13⅞ per cent; five years 13⅞-14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅜-11½ per cent; four-month trade bills 12⅛ per cent.

Approximate selling rate for one-month Treasury bills 11⅜ per cent; two-months 11 5/32 per cent; three-months 11 3/32 per cent. Approximate selling rate for one-month bank bills 11 9/16-11⅝ per cent; two-months 11 9/16-11⅝ per cent; three-months 11½-11 17/32 per cent; one-month trade bills 12 3/16 per cent; two-months 12⅛ per cent and three-months 12 7/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3028 per cent.

MONEY RATES

NEW YORK	
Prime Rate	19½-20
Fed. Fund	18⅝-18⅞
Treasury Bills (13-week)	16.24
Treasury Bills (26-week)	15.24
GERMANY	
Special Lombard	12.00
Overnight Rate	11.80
One month	12.775
Three months	13.15
Six months	13.20
FRANCE	
Intervention Rate	18.0
Overnight Rate	17.5
One month	—
Three months	—
Six months	—
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.125
Bill Discount (three-month)	7.40625

Euromarkets come alive with 14 bonds launched

BY FRANCIS GHILES

)URTEEN international bond ;ue were announced yesterday one of the busiest days wit-ssed in the Euromarkets in cent years. The new issues, vering a wide range of bor-wing instruments in several fferent currencies, were arked by a resumption of fixed te dollar bond operations as ell as by the complete absence Deutsche Mark issues.

The sheer volume of new bond sues announced since Monday ght is somewhat fortuitous, it it is making some under-riters nervous. However, ices of seasonal fixed interest ollar issues were unchanged sterday.

Four fixed interest dollar pub-c bonds were announced, thus pening a new issue window for ich paper, which has been a re commodity during the past vo months. Swedish Export redit is arranging a $50m five-ear bond issue on an indicated eld of 15¾-⅞ per cent. The ad manager is Morgan Stanley.

The same lead manager also unched a $25m five-year issue r Toronto Dominion Bank. he bonds will carry a 15½ per nt coupon and are priced at ir.

The Canadian drinks and iergy company, Hiram Home il, is arranging a $50m five-ear issue through its financial ffshore subsidiary, Hiram Valker Holdings NV. S. G. Varburg is managing this tap" issue, which could even-ally be increased to $75m.

The bonds have an indicated yield basis of 15¼ per cent.

The fourth fixed interest dollar issue, $40m for the City of Winnipeg, is being arranged through Wood Gundy, with an indicated coupon of 15¾ per cent.

Rumours yesterday about a jumbo fixed interest dollar bond issue this week for the World Bank were firmly denied by M. Eugene Rotberg, the bank's treasurer. He said the World Bank "had decided not to enter the dollar sector of the Eurobond market for the time being."

Two floating rate note issues were launched. Merrill Lynch is arranging a $40m eight-year issue for European Arab Bank with a minimum coupon of 6 per cent, and the Argentinian Banco Nacional de Dessarollo is arranging a six-year $70m issue carrying a minimum coupon of 9¼ per cent through Credit Suisse First Boston.

The seventh domestic sterling bond a for a foreign borrower was launched yesterday for Quebec Hydro, through S. G. Warburg. This £40m "bulldog" issue is being arranged in the form of a placement and matures in 2001. The yield offered is 15 per cent, representing the mean between the yield available on Monday night on two gilt-edged stocks maturing respectively in 2003 and 2004-8.

The Norwegian export credit agency, Eksportfinanz, is arranging a NKr 100m five-year issue with an indicated coupon of 11¼ per cent through a group of international banks led by Bergen Bank.

Six new isues were announced yesterday on the Swiss franc market, where prices of seasoned issueds moved up by ½ of a point. Three of the issues are being lead-managed by Swiss Bank Corporation: a SwFr 80m 10-year public issue for the Asian Development Bank bearing interest at 7¾ per cent and priced at par; a SwFr 70m privately placed convertible issue over five years for Mitsubishi Chemical Industries, carrying a coupon of 4¾ per cent; and a SwFr 60m two-tranche private placement for Kubota. The first tranche, for SwFr 20m, is for six years and has a coupon of 7¾ per cent priced at par, while the second tranche is for five years with a 7¾ per cent coupon and a price of 99½ per cent.

Credit Suisse announced two new issues: a SwFr 100m 10-year public issue for Nippon Telegraph and Telephone with an indicated coupon of 7¼ per cent, with terms to be set on Friday, and a SwFr 80m privately placed five-year convertible issue for Olympus Optical with a 4¾ per cent coupon. Meanwhile, Union Bank of Switzerland has arranged a SwFr 50m private placement for the West German electric interest at 7⅞ per cent and were priced at par.

$117m Air New Zealand credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

IR NEW ZEALAND is raising $117m Eurocredit through ational Westminster Bank as art of a $215m financing pack-ge for three Boeing 747 air-raft due to be delivered by ie end of June.

The margins on the 12-year redit start at ½ per cent over ondon interbank rates and rise in stages to ⅝ per cent and ¾ per cent as the credit moves towards maturity.

These fine terms are fairly standard for New Zealand borrowers and indicate that the company's international credit rating has not suffered from the recent resignation of its chief executive following a Royal Commission inquiry into the Antarctic aircraft crash 18 months ago

A further element of the $215m leasing finance package is a $38m British export credit also being arranged by National Westminster with the guarantee of the Export Credit Guarantee Department (ECGD).

K mart's earnings continue to fall

By Our Financial Staff

K MART, the second largest U.S. non-food retailer, showed a continuing slide in profits in the first quarter of fiscal 1981. Sales, however, have maintained their growth rate to record an 11.7 per cent rise from a year earlier to $3.33bn.

At the net level, earnings were 12.6 per cent down at $34.6m or 28 cents a share with $1.3m coming from the insurance operations as against $1.6m last time. The effective tax rate has declined from 42 per cent to 41.4 per cent.

The Board said it expects both earnings and sales comparisons to be "more favourable" in the rest of the year.

In fiscal 1980, earnings were 27 per cent down, with the rate of fall slowing to 10.4 per cent in the final, all important, Christmas trading quarter.

Results from K mart compare unfavourably with those from Sears Roebuck, which is the largest non-food retailer. Sears pushed earnings ahead from $59m to $94.2m in the opening quarter of this year, reported substantial improvements in trade and was "more optimistic" on long-term prospects than at any recent reporting stage.

Gross margins widened from 27.8 per cent to 27.9 per cent. But administrative expenses increased to 25.9 per cent of sales against 25.2 per cent a year ago.

For the full year Wall Street analysts have been predicting a rise in earnings from $2.07 a share in 1980 to $2.75, on the back of a sales gain in the region of 15 per cent. Aggressive expansion proved the key to K Mart's success in the 1970s but the drive now is to improve profit margins by reducing costs.

● Modest improvement was recorded in the first quarter of the year by Lucky Stores, the California-based food store chain. Earnings edged forward from $18.9m to $20.1m, or 40 cents a share, on sales of $1.69bn against $1.49bn.

Texas Air lifts bid for Continental

By Our Financial Staff

TEXAS AIR, the Houston-based airline holding company, is offering to increase its cash bid for the shares of Continental Air Lines it does not already own to $14 a share from $13—if the Continental directors are willing to accept the offer. Expiry date of this offer stays at May 21.

The company said it made the proposal in a letter sent yesterday morning to a special committee of Continental's board, which was meeting in Los Angeles during the day to consider Texas Air's offer.

Continental has been fighting off Texas Air's takeover attempt. Earlier this month Texas Air launched a surprise $97m bid to buy the 51.5 per cent of Continental that it does not already control.

● Tiger International's big air cargo business still is operating in the red but a previously announced aircraft sale is expected to boost second-quarter earnings to at least treble the 1980 period's $3.2m or 21 cents a share, AP-DJ reports from Los Angeles.

Mr. Wayne M. Hoffman, chairman, states that net earnings in the current quarter will top the first quarter's $10.8m or 63 cents a share, an amount that included $9m from one of three Boeing 747 air freighters it sold to American airlines in March for more than $90m.

Delivery of the other two Jumbo jets and spare parts will result in pre-tax earnings "in excess of $11m to $12m" in the second quarter, he added.

AMERICAN QUARTERLIES

ASBESTOS CORPORATION

First quarter	1981 C$	1980 C$
Revenue	27.8m	11.9m
Net profits	2.7m	62.8m
Net per share	0.93	†1.00

† Loss

CASTLE & COOKE

First quarter	1981 $	1980 $
Revenue	25.5m	25.3m
Net profits	9.5m	5.5m
Net per share	0.33	0.21

FOOTE CONE & BELDING

First quarter	1981 $	1980 $
Revenue	38.4m	35.8m
Net profits	1.07m	1.59m
Net per share	0.39	0.59

INTERNATIONAL RECTIFIERS

	1980-81 $	1979-80 $
Third quarter		
Revenue	32.7m	37.0m
Net profits	956,000	2.2m
Net per share	0.34	0.81
Nine months		
Revenue	96.3m	102.4m
Net profits	3.0m	6.3m
Net per share	1.03	2.30

PENNCORP FINANCIAL

First quarter	1981 $	1980 $
Revenue	121.8m	116.0m
Net profits	2.5m	7.0m
Net per share	0.13	0.36

MOVE TO BLOCK DOME BID

Conoco limits foreign shareholders

BY PAUL BETTS IN NEW YORK

CONOCO, the U.S's ninth largest oil company and number two coal producer, yesterday took the rare step of restricting foreign ownership of its stock to discourage an aggressive bid by Dome Petroleum of Canada to acquire Conoco's controlling interest in Hudson's Bay Oil and Gas (HBOG).

It said it had amended its by-laws to restrict foreign ownership of its stock to safeguard shareholders from what it termed "the possible adverse impact of foreign ownership."

This could affect how U.S. and Canadian governments handle the controversial aspect of Canada's new National Energy Programme which is designed to reduce foreign interests in Canadian energy assets.

Dome, the largest private sector Canadian oil exploration company, announced a $910m bid for 13 per cent of Conoco's as a way of gaining control of HBOG, the Canadian oil and gas exploration company 52.9 per cent owned by Conoco.

Dome reserved the right to acquire up to 20 per cent of Conoco's shares which would give it a dominant stake.

Conoco is worried that if Dome gains a 20 per cent stake it could force it to capitulate to its demands and swap its shares in HBOG.

In a letter to its stockholders, Conoco claimed that discriminatory treatment of non-Canadian oil companies under Canada's National Energy Programme limits bidding for Hudson's Bay to Canadians. In turn, this would help Dome acquire Conoco's controlling interest in HBOG for a steal.

Conoco said its restriction on foreign ownership would not prevent Dome making its tender offer.

But the measures would severely limit Dome's influence on Conoco should Dome acquire a 20 per cent stake.

Under the amended by-laws foreign owners with more than a 20 per cent stake could only transfer their Conoco shares to U.S. citizens.

Conoco will ask stockholders to approve another amendment restricting voting and other rights of foreign-owned shares in excess of 20 per cent or such other percentage to be established by the board.

The board could also redeem any foreign held shares to prevent loss of a licence or franchise from a government agency.

Mr. Bailey, chairman, said that certain Conoco operations could be adversely affected by foreign ownership of company stock.

"Significant federal oil, gas or mineral leases could be placed in jeopardy if substantial Canadian ownership of Conoco stock were permitted. These leases include federal onshore oil and gas leases which for Conoco-operated leases alone accounted for revenues of $195m in 1980 as well as certain federal coal leases which accounted for 18 per cent of the company's recoverable coal reserves," he said.

On the broader question of a possible dispute between Canada and Washington over Canadian energy policy, he said: "If the Canadian Parliament passes the pending Canadian Oil and Gas Act, the U.S. Department of Interior may consider whether Canada should be treated as a country which denies reciprocal treatment to U.S. citizens. If Canada is taken off the reciprocal list, companies with significant Canadian stock ownership could lose the right to hold or acquire federal onshore leases."

Davis plans partner in Fox Film

BY OUR FINANCIAL STAFF

TWENTIETH CENTURY-Fox Film, the major Hollywood film producer and distributor, will be half-owned by a foreign-based petroleum marketer if shareholders approve the plan of Mr. Marvin Davis, the Denver oil millionaire, to purchase the company and make it private.

Mr. Davis has said that he and his immediate family would own at least half of Fox, but a number of further details appear in proxy material prepared for a special meeting of Fox Film shareholders on June 8.

A new company, TCF Holdings Incorporated, would purchase all outstanding Fox Film shares for approximately $722m. Before the purchase, shares of United Television, a wholly-owned Fox Film subsidiary, would be spun off to existing Fox Film shareholders on a pro-rata basis.

TCF Holdings will have two classes of stock of 1,000 shares each. All Class A shares, which will have the right to vote, will be issued to Mr. Davis and trusts for the benefit of his five children.

The B shares, which will not carry a vote, will be issued to the subsidiary of a non-U.S. corporation that is engaged in the purchase, sale and transportation of crude oil and other commodities.

The foreign corporation was not identified, although the material states the company does not have any ties to Mr. Davis or to Fox Film.

The proxy statement also showed that Mr. Davis plans to borrow up to $550m from one or more banking syndicates to finance his purchase. Under an agreement in principle, he and the foreign corporation would then each provide half of the remaining funds necessary to purchase Fox Film.

Charter making full review of businesses

By Our Financial Staff

CHARTER, the U.S. oil refining group, faced with big debts, a high dividend payout and low earnings, is endeavouring to re-establish A-ratings in the debt markets and is believed to be considering shelving some major projects.

By early autumn, the diversified oil company, which also has publishing interests, hopes to produce a plan to upgrade or divest itself of some major assets, officials of the company disclosed recently.

The biggest uncertainty concerns Charter's 50 per cent interest in a 500,000 barrel-a-day oil refinery in the Bahamas bought two years ago. It was the substantial profits from this refinery that turned Charter into a stock market high flier in 1979, when its shares touched $49.75. The current oversupply of crude oil and weak markets for refined products have forced Charter to close down much of its refining operations in the Bahamas.

Mr. Raymond Mason, Charter's chairman and architect of its various strategies, says that Charteris concentrating this year on reducing long-term debt, which totals about $500m, as part of "going back to our long-term strategy. Charter is taking an in-depth look at all its assets," he says.

Calgary Power neutral on takeover bid

By Our Financial Staff

CALGARY POWER, the largest electricity utility in the Canadian province of Alberta, has declined to make any recommendation to shareholders about the C$506m (US$422m) bid for it from Nu-West Group, the Alberta real estate and energy group.

The offer, the second for Calgary Power, by Nu-West, closes on June 4.

Cities Service to sell off copper and chemical units

BY OUR NEW YORK STAFF

CITIES SERVICE, which is among the 20 largest U.S. integrated oil companies, is planning to sell some of its non-energy related businesses including its Miami copper operations in Arizona and its industrial chemicals division in Tennessee.

Mr. Charles Waidelich, the company's president, said yesterday that the company would use the proceeds from the sales of its two assets to concentrate on its main business of exploring for oil and gas. But he declined to disclose how much the company hoped to raise from the proposed sale of the two assets, adding if the company did not receive acceptable offers it would continue to operate the two businesses.

Miami copper operations had sales and operating income of $124m last year and the industrial chemical division reported sales and operating income of $105m, Cities Service said yesterday.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market xists. For further details of these or other bonds see the complete list of Eurobond prices which ill be published next on Thursday, June 11.

Closing prices on May 19

.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
m. Air. 15¼ 86 (WW)	55	99½	100	−0½	+1½	15.29
maco 13¼ 88	75	93¼	93⅞	−0½	+1⅛	14.77
I&C 14½ 84	185	97⅝	98⅛	+0⅛	+0⅛	15.30
NE 12⅞ 91	100	87	87½	−0¼	+1¼	15.32
iticorp O/S Fin. 10 86	300	82½	83	+0⅛	+0⅜	15.05
iticorp O/S Fin. 12 87	200	87⅞	88⅛	0	+1⅛	15.03
on. Illinois O/S 9⅞ 86	150	81¼	81⅜	+0⅛	+1	15.18
upont Canada 13½ 91	65	92⅝	93⅛	−0⅛	+1⅛	14.87
EC 11 95 (August)	70	75¼	77¼	+1½	+0¼	15.08
IB 12⅞ 89	75	88⅞	89⅜	−0⅛	+1⅛	15.22
ldorado 13¼ 86	50	93¼	93⅞	−0⅛	+1½	15.17
lec. de France 10 86	125	78¼	78¾	+0⅛	+0⅛	15.12
lec. de France 13 88	125	91¼	91⅝	+0⅛	+1⅛	15.09
xport Dv. Cpn. 9½ 86	150	80⅞	81⅛	+0½	+1⅛	15.43
ed. Bs. D. 12¾ 85 (N)	50	90⅞	91⅛	−0⅛	+1⅛	15.04
in. Exp. Credit 10½ 85	50	83⅛	83⅞	−1	−0⅛	16.23
inland. Rep. of 9½ 86	100	79	79½	0	+0⅛	15.96
ord Credit O/S 14⅜ 83	150	97⅛	97⅞	0	+1⅛	15.70
ord Cr. O/S Fin. 16 84	150	101½	101⅞	−0⅛	+1⅛	15.19
az de France 13½ 88	80	94⅞	95⅛	+0½	+1⅞	14.96
MAC O/S Fin. 12 87	100	86⅞	87¼	−0¼	+1⅛	15.28
MAC O/S Fin. 12⅞ 88	100	90	90½	−0½	+1⅛	15.25
en. Mtrs. O/S 11¾ 87	100	86⅛	86⅞	+0⅛	+1⅛	15.10
enstar 14⅝ 91	50	98⅞	99⅛	0	+1⅛	14.96
TE Fin. 13¾ 86 (WW)	50	95⅞	96⅛	+0⅛	+0⅞	14.98
udson's Bay 11½ 90	75	82	82½	−0⅛	+2	15.22
M Wld Trade 12½ 88	200	94⅝	95⅛	0	+2	13.68
ewfoundland 13½ 90	80	90½	91	−0½	+1⅛	15.46
ova Scotia 10¾ 90	50	78⅞	79⅜	−0⅛	+1⅛	14.39
KB 10 85	50	85⅛	85⅝	−0⅛	+1½	14.94
ntario Hydro 13½ 91	100	92⅞	93⅛	−0⅛	+1⅞	14.87
uebec Hydro 11½ 92	100	79⅝	79⅞	−0⅛	+1½	15.44
uob. Hy. 13 91 (WW)	100	88⅛	88⅝	−0⅛	+1⅛	15.31
oyal Bk. Canada 14 88	100	97	97½	−0⅛	+1⅛	14.81
NCF 12¾ 85	50	92⅛	92⅝	0	+0⅛	15.05
NCF 13 91	75	90½	91	−0¼	+1⅛	14.82
th. California Ed. 14 87	50	96¼	96¾	−0⅛	+1⅛	14.91
ven Handelsbk 13¼ 88	45	92⅞	93⅛	−0⅛	+1⅛	15.42
weden 12⅛ 85	150	89⅞	90⅜	0	+0⅛	15.62
wed. Ex. Credit 12 83	50	92⅛	92⅝	−0⅛	+0⅛	15.94
wed. Ex. Credit 13 86	75	90⅝	91⅛	−0½	+1⅛	16.85
oronto-Dom. Bk. 14 84	50	97	97½	−0⅛	+1⅛	15.20
ribune O/S Fin. 14 86	50	94⅞	95⅛	−0⅛	+0½	16.46
orld Bank 9⅞ 85	200	84⅜	84⅞	−0⅛	+0½	15.05
orld Bank 10⅛ 87	300	81⅜	82⅜	0	+0⅛	14.95
Average price changes	On day 0 on week +1⅛					

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅛	+0⅛	+0⅛	10.32
Austria, Rep of 8¾ 92	150	87	87⅜	+0⅛	−0⅛	10.16
CECA 7⅞ 92	150	86⅞	87⅜	0	−0⅛	9.78
CECA 10 91	120	99⅞	100⅜	0	0	9.99
Chi-Honeywell 8⅞ 90	125	90⅛	90⅞	−0⅛	+0½	9.89
Council of Europe 10 91	100	98⅞	99⅛	0	+0⅛	10.16
EIB 8½ 90	200	88⅞	89⅜	0	+0⅛	10.32
EIB 10½ 91	200	100⅝	101⅛	−0⅛	−0⅛	10.32
ESCOM 9⅞ 87	100	92⅝	93⅛	+0⅛	−0⅛	10.84
Finland. Rep of 10 89	100	97⅛	97⅞	−0¼	+0⅛	10.47
Iberduero SA 9 90	100	91⅛	92⅜	0	−1	10.38
Ind. Bk. Finland 8½ 90	50	89¼	90	−0½	−0⅛	10.25
Int-Am. Dv. Bk. 10 91	100	98⅝	99½	−0⅛	+0⅛	10.13
Japan Air Lines 8¾ 87	100	90⅞	91⅜	−0⅛	+0⅛	10.00
Japan Dev. Bank 7⅞ 87	100	88⅝	89⅛	−0⅛	−0⅛	10.05
Kobe, City of 8 90	100	88⅜	89⅛	−0¼	−0⅛	9.93
Midland Int. Fin. 8½ 90	150	90⅛	90⅞	−0½	−0⅛	10.09
Nuclebras 9⅞ 88	100	88½	89⅛	+0⅛	−0⅛	12.10
OKB 8⅞ 92	150	86½	87	0	−0½	10.32
Oslo, City of 8⅜ 90	80	93⅛	94½	−0⅛	−0⅛	9.76
Venezuela, R. of 9⅜ 90	150	93⅞	94⅛	0	−0⅛	10.82
World Bank 8 90	700	86	86⅜	−0⅛	0	10.38
World Bank 10 86	150	100⅝	101⅛	0	+0⅛	9.80
Average price changes	On day −0⅛ on week −0⅛					

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	60	94½	94⅞	−0⅛	−0½	7.28
BFCE 6⅜ 91	100	95⅜	96⅛	−0⅛	−0⅛	7.08
Bayer Int. Fin. 5⅛ 92	100	88	88½	−0⅛	−0⅞	6.77
Bergen, City of 6⅜ 91	40	97⅞	98⅛	−0⅛	+1⅛	7.02
Bhrmn-Tetteroda 7 90	40	99⅞	100⅛	+0½	+1	6.98
CECA 6⅜ 91	80	94½	95⅛	−0½	0	7.48
Denmark 5⅜ 90	80	89⅞	90⅛	+3⅛	+4⅞	7.29
Dome Petroleum 5⅜ 91	100	92⅜	92⅞	0	+0⅛	6.79
Elec de France 5⅜ 90	100	†89	89½	−0⅛	−0⅛	6.84
Eurofima 5⅜ 92	80	†98	98½	−0⅛	−0⅛	5.96
F. C. H. Hypo. Bk 6 90	50	90½	90⅞	−0⅞	−0⅞	7.46
Finland, Rep. of 5⅞ 90	80	86⅛	88½	0	+0⅛	7.73
Franc. Petroles 6½ 91	80	96½	96⅞	−0⅛	+0½	6.98
Genstar 7 91	100	99⅝	100	+0⅛	−0⅛	7.02
Int.-Amer. Dv. Bk. 7 91	100	98⅛	98½	−0½	+0⅛	7.21
Japan Dev. Bank 5⅜ 90	100	92	92⅛	+0⅞	−1	6.91
Mt Blanc Tunnel 5½ 90	60	86	87	+0⅛	0	7.57
Newag 5⅜ 90	80	90⅝	91⅛	−0⅛	+0⅛	7.12
OKB 7 93	100	98⅜	98⅞	−0⅛	+0½	7.16
Oslo, City of 5⅞ 90	80	91⅛	91⅞	−0⅛	−0⅞	7.18
Philips Lamps 5⅜ 92	100	87⅜	88	+0⅛	+0⅛	6.83
Swed. Ex. Cred. 7⅛ 91	75	97⅜	97⅞	0	−0⅛	7.58
Trade Dev. Fin. 6⅞ 90	50	†91	91½	−0⅛	+0⅛	7.45
Voest-Alpine 5⅜ 90	80	86⅛	87	0	+0⅛	7.77
World Bank 6 91	100	92⅞	92⅜	+1⅛	+1⅛	7.09
World Bank 7 90	100	100½	100⅞	−0⅛	0	6.98
Average price changes	On day +0⅛ on week +0⅛					

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk. 8⅛ 91	15	97⅛	98⅛	−0⅛	−0⅛	8.51
Australia 6½ 88	20	87⅛	88⅛	0	+0⅛	8.87
EIB 7⅜ 89	72	92⅛	93⅛	−0½	−0⅛	8.53
Finland 5.6 83	10	92⅛	93⅛	−0⅛	−0⅛	9.03
Finland 6.8 88	10	87	88	−0⅛	−0½	9.32
Finland, Rep. of 8⅜ 87	15	98⅛	99⅛	−0⅛	−0⅛	8.67
Average price changes	On day −0⅛ on week −0⅛					

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10⅜ 86 C$	60	†85¼	86⅛	0	−3⅛	14.72
CIBC 13½ 85 C$	50	†93	94	+0⅛	+1½	15.82
CIBC 11⅛ 85 C$	60	†88	88½	+1½	−0⅛	16.50
Federal Dev. 11½ 90 C$	60	†80⅞	81½	0	+0½	15.50
Fst. Can. Inv. 10 84 C$	50	†84	85	0	−1⅛	17.04
R. Bk. Canada 10 86 C$	40	89¼	90	−0⅞	+0⅛	12.05
Tordom Cpn. 13½ 85 C$	30	†94	95	+0½	+1½	15.44

	Issued	Bid	Offer	Change on day	week	Yield
M. Bk. Dnmk. 9 91 EUA	25	90	91¼	0	−0⅛	10.50
SOFTE 8¾ 89 EUA	40	88½	89½	0	+0⅛	10.35
U. Bk. Nwy. 9½ 90 EUA	18	96¾	98	0	−0⅛	9.95
Algemene Bk. 10¾ 86 Fl	80	95½	97	+0⅛	+0⅛	11.14
Bk. Mees & H. 10 85 Fl	75	96⅞	98⅛	0	−0⅛	11.18
Heineken NV 10 87 Fl	100	94⅛	95⅛	+0⅛	+1⅛	11.15
Nat. Nedrlnd. 10 88 Fl	60	93⅛	93⅞	0	+0⅛	11.44
Ned. Midd. Bk. 10 85 Fl	75	95⅛	96⅛	0	+0⅛	11.18
Pierson 10⅛ 86 Fl	50	96⅞	96⅞	+0⅛	+1	11.17
Air France 14⅛ 86 FFr	200	94⅛	95⅛	−0⅛	−3⅛	15.98
Bk. America 14⅛ 86 FFr	250	93⅜	94⅛	−0⅛	−1⅛	16.30
Charb'nages 13⅞ 85 FFr	400	92⅞	93⅛	0	−3½	15.94
EIB 14⅛ 88 FFr	300	92⅛	93½	+0⅛	−1½	15.84
La Redoute 14⅛ 85 FFr	125	92⅛	93⅛	0	−1⅛	16.50
OKB 14 86 FFr	400	92⅛	93⅛	0	−1⅛	16.12
Solvay et C. 14⅛ 86 FFr	200	99⅛	100⅛	−0⅛	−1⅛	14.74
Swed. Ex. C. 14⅛ 86 FFr	250	93½	94½	0	−1⅛	16.47
U. Mex. Sts. 14 85 FFr	150	92⅛	93⅛	+0⅛	−1⅛	16.45
Acona 14 85 £	20	94⅛	95	−0⅛	+0⅛	15.66
Beneficial 14½ 90 £	20	90⅛	91	0	−1⅛	16.19
BNP 13½ 91 £	15	92⅞	93⅛	+0⅛	−0½	14.82
CECA 13½ 88 £	20	94⅛	95⅛	0	−0⅛	14.74
Citicorp O/S 13½ 90 £	50	94⅛	94⅞	+0⅛	+0⅛	14.62
Fin. Ex. Cred. 13⅛ 88 £	15	95⅛	96⅛	0	−0½	14.93
Gen. Elec. Co. 12½ 89 £	50	91⅛	92	−0⅛	−0⅛	14.32
Hiram Walker 14⅛ 86 £	25	96⅛	96⅛	−0⅛	+0⅛	15.33
Privatbanken 14½ 88 £	12	94⅞	95⅛	0	+0⅛	15.65
Rothschild 14⅛ 90 £	12	96⅛	96⅛	−0⅛		14.93
Royal Trustco 14 86 £	12	96⅞	97⅛	0	−0⅛	14.79
Swed. Ex. Cr. 13⅛ 88 £	20	96⅞	97⅛	+0½	0	14.70
Banobras 8⅛ 90 KD	7	†90	90½	0	0	9.94
CCCE 8⅛ 91 KD	10	†82⅛	83⅛	0	0	11.03
Sonatrach 8½ 90 KD	12	†93	93½	0	0	9.66
Akzo 9⅛ 87 LuxFr	500	85⅛	86⅛	−0½	+0⅛	12.58
Euratom 9⅛ 88 LuxFr	500	88⅛	89⅛	−0½	−0⅛	12.24
Eurofima 10⅛ 87 LuxFr	500	92⅛	93⅛	−0⅛	−1⅛	12.16
EIB 9⅛ 88 LuxFr	600	90⅛	91⅛	−0⅛	0	11.80
Volvo 9⅞ 87 LuxFr	500	86⅛	87⅛	+0⅛	+0⅛	12.74

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99⅛	99⅜	2/7	18⅛	16.73
Bank of Montreal 5¼ 90	0⅛	99½	100	18/6	19½	19.55
Bank of Tokyo 5⅛ 89	‡0⅛	98⅛	98⅜	25/7	16⅛	18.75
BBL Int. 5 88	0⅛	99½	100	20/5	16½	16.54
BNP 5½ 88	‡0⅛	99	99½	29/7	16.44	16.58
CNT 5⅛ 88	§0⅛	99½	100	18/10	18.81	18.85
Christiania Bk. 5½ 91	0⅛	98	98½	5/8	17.31	17.62
Citicorp O/S F. 84	‡0	99⅛	99⅛	30/5	18⅛	18.96
C. Itoh 5⅛ 87	0⅛	98⅛	98⅞	18/9	15.44	15.81
Co-operative Bk. 6 88	0⅛	98⅛	99⅛	15/11	19.56	19.76
Den Norske Credit 6 90	‡0⅛	98⅛	98⅞	5/8	17.31	17.55
Genfinance 6⅛ 87	0⅛	98⅛	98⅛	30/10	16.84	17.11
Giro und Bank 5⅛ 91	‡0⅛	97⅞	98⅛	23/8	14.06	14.33
GZB 5½ 89	0⅛	98⅞	99	1/8	17.31	17.53
Ind. Bank Japan 5⅛ 87	0⅛	98⅛	99⅛	15/10	17.06	17.21
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	98⅞	9/10	16.44	16.69
Lloyds Eurofin 8 90 £	0⅛	96½	97	3/7	14½	14.99
Lloyds Eurofin 5⅛ 92	0⅛	98⅞	99⅛	4/8	17⅛	17.40
LTCB Japan 5⅛ 86	0⅛	100	100½	13/8	20.19	20.14
Man. Hanov. O/S 5⅛ 94	‡0⅛	99⅛	99⅛	30/5	17	17.11
Merrill Lynch O/S 87	0⅛	100⅛	100⅛	7/8	20.44	20.34
Midland Int. Fin. 5⅛ 92	0⅛	99	99½	5/8	17.19	17.32
Midland Int. Fin. 9 91	0⅛	97⅛	98⅛	30/10	16.81	17.16
Nacional Fin. 6⅛ 88	0⅛	99⅛	99⅛	25/7	17⅛	17.88
Nacional Fin. 5⅛ 88	0⅛	96½	97	25/9	14⅛	15.37
Nat. Bk. Canada 5⅛ 88	0⅛	97⅛	97⅛	24/9	14⅛	14.85
Nat. West. 5⅛ 94	§0⅛	97½	98	14/10	16.19	16.56
Nat. West. 5⅛ 92	§0⅛	97⅛	98⅛	23/10	16.81	17.18
Pemex 6 91	0⅛	96⅛	97⅛	8/10	15.31	15.79
Sparebanken 6 87	0⅛	99⅛	99⅛	19/6	19⅞	20.00
Standard Chart. 5⅛ 90	0⅛	98⅛	98⅛	3/9	17.06	17.32
Svenska Hndlsbk. 5 87	0⅛	98⅛	99⅛	15/7	17.81	17.30
Average price changes...	On day +0⅛ on week +0⅛					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	97⅛	98⅛	+0⅛	16.28
Canon 6⅛ 95	1/81	829	163⅞	165⅛	−8⅞	−6.45
Credit Suisse 4⅜ 93	10/79	12.36	89	91	+0½	−1.19
Digicon Fin. 8½ 95	10/81	29.5	116⅛	117⅛	−0⅛	−1.65
Hanson O/S Fin. 9⅛ 96	8/81	2.74	92⅛	93	−0⅛	5.10
Inn Overseas 8⅛ 2000	4/81	42	102⅛	103⅞	+1	−0.31
Inchcape 8 95	2/81	4.55	88	89½	−0½	−1.08
Kotobukiya Co. 7 96	4/81	613	†95	96	−1	−8.46
Marion Int. Fin 9 95	12/80	15.5	84⅛	85⅛	−0½	20.13
Matsushita El. 7⅛ 85	11/80	590	101	102	−1½	2.37
MEPC 8⅛ 96	2/81	2.47	92	93⅛	−0⅛	11.04
Nissho-Iwai Co. 6 96	10/80	398	†73	75	0	−2.34
Ricoh 6⅛ 95	8/80	604	122⅞	124⅛	−3½	−5.19
Sumitomo M. Ind. 7 95	2/81	181	133	134	−4	−4.11
Swiss Bk. Cpn. 6⅛ 90	9/80	200	†76	78	+1½	22.81
Taylor Woodrow 8⅛ 90	1/81	4.94	107⅛	108⅛	+0⅛	3.06
Tokyu Land Cpn. 7⅛ 96	4/81	325	98⅛	99⅛	−0⅛	3.87
Transco Int. 8⅛ 95	2/81	68	83⅜	85	−0⅛	22.73
Tricorp 9½ 95	12/80	31.25	81⅛	82⅛	+0⅛	29.35
Union Bk. Switz. 5 89	2/80	70.79	74	76	+2	2.74
Fujitsu 5 84 DM	7/79	431.5	176⅛	177⅛	−9⅛	−5.31
Sharp Cpn. 6½ 88 DM	9/80	595	170	171	−10⅛	−7.81
Uny Co. 6½ 85 DM	11/79	879.3	105⅛	106⅛	−0⅛	−0.43

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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All of these securities have been sold. This announcement appears as a matter of record only.

NEW ISSUE

May 12, 1981

U.S. $20,000,000

PETRO-LEWIS INTERNATIONAL FINANCE N.V.

9% GUARANTEED OIL-INDEXED NOTES DUE 1986

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FINA

PETROFINA

Société Anonyme

Summary of the 1980 Annual Report

Highlights of the year

Finance in thousands of £	1980	1979
Petrofina consolidated profit	138,835	133,508
Cash flow	372,590	377,456
Sales and other revenue	4,990,071	4,492,541
Duties and taxes	1,401,871	1,169,469
Fixed assets (net of depreciation)	1,652,073	1,723,933
Exchange rate	67,997	62,206

Operations	1980	1979
Production of crude (in thousands of metric tons)	9,000	8,100
Crude oil processed in the Group refineries (in thousands of metric tons)	21,000	25,200
Sales of finished products (in thousands of metric tons)	25,500	28,200
Sales of natural gas (in millions of cubic metres)	6,700	6,000

Report of the Board of Directors

Petrofina's share in the Group's consolidated profit in 1980 was 9.440 million Belgian francs (£ 138,835,000) compared with 8,305 million BF in 1979 and 6,035 million BF in 1978. The increase in 1980 was 13.7% compared with 1979 and 56.4% compared with 1978.

As in the previous year, these results were calculated using the last-in-first-out (LIFO) method of valuing stocks. They benefited from investments which we have made in recent years, particularly as regards our North American Companies, but their growth rate was reduced by the new Norwegian taxes and the level of selling prices of finished products in Europe and of petrochemicals. This latter activity, which suffered from the effect of the world economic recession, is nevertheless showing positive results for us. The overall results of our activities in Belgium itself were disappointing.

Cash flow was 25,335 million Belgian francs (£ 372,590,000), an increase of 8%.

The consolidated turnover was 339 thousand million Belgian francs (£ 4,990,071,000), an increase of 21%.

The yield on shareholder's equity amounted to 22.5% and the ratio of cash flow to shareholders' equity, including minority interest, was 42%.

The Group's investment expenditure in 1980 amounted to 17,000 million Belgian francs, all of which was self-financed. The budget for 1981 is 27,500 million Belgian francs, an increase of 60%. Of this budget 59% has been assigned to exploration and production, principally in the North Sea and in North America: the remainder to investments with a rapid payout in our refineries and chemical plants and to improving our marketing organisation.

We propose to increase the dividend to 245 Belgian francs per share, net of withholding tax, as compared with 230 francs last year. Since 1962, the amount distributed to shareholders has increased every year, from 520 million francs to 3,251 million in 1980. We also propose to distribute a scrip issue of 1 new share, free, for every 20 old shares held, effective January 1, 1981

At the end of January 1981, the Canadian national oil company, Petro-Canada, made an offer to buy the shares of Petrofina Canada Inc., of which we owe about 70%, over a period of three years, at a price of 120 Canadian dollars a share.

This offer was made by Petro-Canada in accordance with the Canadian government's policy as announced in its national energy programme.

Bearing in mind the penalising measures taken in Canada against companies in which the majority holding is foreign owned, we decided to make a favourable response to Petro-Canada's bid for an initial block of shares; this will enable the Canadian national oil company to own 51% of the capital of Petrofina Canada Inc in 1981.

The sale of Petrofina Canada Inc shares will provide us with increased financial resources which will be assigned to new developments. It should be looked at from the point of view of the Group's growth.

We shall pursue our interests in Canada, particularly in exploration and the development of crude oil and gas and their derivatives.

A special clause in the agreement signed with Petro-Canada guarantees the continued employment of the personnel of Petrofina Canada Inc on terms equivalent to those existing at present.

Finance

After a reduction of 4,000 million Belgian francs in 1979, long-term borrowings were still further reduced in 1980 by 2,600 million francs, to a figure of 48,000 million francs.

Despite the reduction of the monetary realignment fund as a result of the revaluation of the dollar at the end of the year shareholders' equity increased by 5,200 million francs.

By the end of the year, all borrowings at variable interest rates had been revised at the best terms available today or terminated.

Working capital increased from 10 to 12 thousand million Belgian francs.

The proposed net dividend of 3,251,424,155 Belgian francs (£ 47,817,000) corresponds to a gross dividend of 4,064,280,194 Belgian francs (£ 59,771,000) on which a withholding tax of 812,856,039 Belgian francs (£11,954,000) is paid by the Company on behalf of the shareholders.

Coupon N° 75 will be payable as from May 21, 1981 at the rate of BF 245 net after tax.

Copies of the English edition of the full report can be obtained on application to Petrofina (UK) Ltd., Petrofina House, York Road, London SE1 7NT.

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More active year for Paris Bourse

BY TERRY DODSWORTH IN PARIS

AS THE Paris Bourse faces a crisis after the election of a Socialist President, a report published yesterday shows that it has just recorded one of the best years in its history.

According to the Commission des Operations de Bourse (COB), the regulatory committee, the bourse increased its funding to industry, commerce and the Government by 65.4 per cent in 1980, while attracting a large number of new investors and increasing its share trading business by almost 27 per cent. Commenting on the high level of activity, the COB said that it confirmed "the success of the measures taken over the last three years to reorientate household savings towards the stock market."

The high point of last year's trading was reached on November 5, when the CAC general index (the main French shares index), prepared by the Stockbrokers' Association, achieved a new record at 120.3. By the end of December, the index had fallen to 112, leaving an increase on the year as a whole of 9.1 per cent, somewhat behind New York (14.9 per cent) and London (14.6 per cent).

The amount of money raised by the bourse also reached a new record at FFr 135bn ($24.5bn). About FFr 111bn of this went into bonds, of which the state and state-controlled enterprises accounted for FFr 55.7bn, and financial institutions for a further 47.2bn.

Industry came off the worst in this money-raising effort, issuing only FFr 3.4bn worth of bonds against FFr 5.6bn in the previous year. But the COB pointed out that a great deal of the funds raised by the state and semi-state institutions was for channelling into industrial companies.

Equity issues increased by 17.8 per cent to FFr 24bn. New funds from the so-called Monory SICAVs, unit trusts with special taxation exemptions, also continued to increase to FFr 5.5bn against FFr 4.2bn in 1979.

These trust funds now manage some FFr 15.9bn. They have also clearly helped to increase the number of shareholders in France, to one in 23 of the population last year from one in 30 in 1979.

The biggest area of disappointment for the COB was the failure to attract more new companies—a topical subject with the bourse facing the loss of a number of big groups through nationalisation. Only two entirely new companies came to the market, along with three that had previously been quoted in the over-the-counter section and four that were involved in reorganisations. This compared with an average of 12 new concerns a year in the 1968-77 period.

Heavy reverse for DSM as volume drops

By Charles Batchelor in Amsterdam

DSM, the Dutch state-owned chemicals group, reported a sharp fall in its 1980 profit despite a sizeable increase in turnover. The company's operating results improved somewhat in the first few months of 1981, but it was unable to forecast developments for the rest of the year.

The operating profit was nearly halved to Fl 209m ($82m) in 1980 from Fl 373m the year before. Net profit fell to Fl 25m from Fl 89m on sales which were 17 per cent higher at Fl 14.9bn ($5.8bn).

Volume sales in 1980 fell, with most of the cash increase resulting from higher natural gas selling prices and, to a lesser extent, from higher prices for chemical products and building materials.

DSM suffered last year from a fall in the price of many bulk chemicals, which was only partly matched by the development of feedstock costs, it said in its annual report.

The company is considering closing its UK Caprolactam producer, Nypro (UK), in which it is an equal partner with the National Coal Board, because of the "disastrous situation" of the UK textile industry. A decision will be taken by the end of this month and the plant has already been written down in the 1980 balance sheet.

The operating results of the fertiliser sector improved markedly, to Fl 146m from Fl 18m. Chemical products and plastics moved to a loss of Fl 28m from a profit of Fl 274m, while natural gas, building and other activities increased their profits to Fl 91m from Fl 81m.

Hapag Lloyd falls into the red

BY STEWART FLEMING IN FRANKFURT

HAPAG LLOYD, West Germany's largest shipping line, slumped into losses in 1980 but there are hopes of some stabilisation in the company's performance in the current year. The board warns, however, that there remain considerable uncertainties about the outlook.

It has been clear for some months that the company, which passed its dividend in 1979 and only avoided losses by drawing on extraordinary earnings, has been struggling to cut losses and was running at a deficit through much of 1980.

Hapag had already warned at the end of last year that a dividend for the year was unlikely and that restructuring measures aimed at returning the airline subsidiary to profit were unlikely to be effective until 1982.

Its shipping business has been hit by the performance of its liner cargo services on the North Atlantic, by over-capacity in the container business and by competitive pressures in the Middle and Far East.

The company did not release any loss figures in its statement yesterday.

● Surplus on interest earnings at Berliner Handels-und Frankfurter Bank in the first four months of 1981 was similar to the year earlier level, according to Herr Hanns Christian Schroeder-Hohenwarth, the senior partner.

He said a rise of about 12 per cent in business volume compared with the first four months of 1980 had offset smaller interest margins. No figures were given.

Last year BHF-Bank recorded a group net profit of DM 36.33m ($15.7m) compared with DM 36.92m in 1979, on a balance sheet total of DM 20.29bn at end December 1980.

Quarterly sales gain for Roche

BY JOHN WICKS IN ZURICH

HOFFMAN-LA ROCHE, the Swiss pharmaceuticals group, has made a "good start" to 1981, lifting sales for the first quarter by 19 per cent.

For the whole year turnover is expected to continue to develop well. But the group says margins will remain under pressure and earnings will continue to grow at a slower rate than sales.

At the annual press conference, Mr. Fritz Gerber, the chairman, stressed the importance of measures to reduce costs. The Institute of Marine Biology in Australia is to close, and large-scale reorganisation is being carried out in Belgium. Efforts are also in hand to cut costs at the parent company in Basle and keep research expenditure in a "reasonable relationship" to overall business.

A further aim is to improve product mix. Since 1976 Roche has reduced its pharmaceutical sales and perfumes and flavour total to 44 per cent. Vitamins and fine chemicals accounted for 27.6 per cent of last year's sales nad perfumes and flavourings for 11 per cent.

Roche newer product areas, which increased their share of overall sales in 1980, include agri-chemicals, diagnostics and cosmetics. The Kontron group, which is responsible for the group's instruments business, booked a loss but expects to break even in 1981, after a "radical re-organisation."

For 1980 the group pushed net profits up by 5.7 per cent to SwFr 232m ($113m) on sales of SwFr 5.9bn, a gain of 13 per cent. Five years ago earnings were running at SwFr 522m.

Capital expenditure of the group is expected to be maintained at SwFr 515.5m this year. The company intends to expand further in the U.S., where almost 30 per cent of group sales currently arise.

Preussag raises payout by 70%

By Our Financial Staff

PREUSSAG, the German energy, metals and transport group in which Westdeutsche Landesbank has a 40 per cent shareholding, is to increase its dividend to DM 6 a share from DM 3.50, a rise of 70 per cent.

The company announced in February that profits last year had staged a strong recovery, with sales rising 11 per cent to DM 3.47bn ($1.5bn). Profits, it said, were ahead of the DM 52m achieved for 1979. The full results are to be announced later this year.

It has been rumoured in Germany for many months that WestLB, whose profits fell sharply last year to DM 61m from DM 188m, would be forced to sell its shareholding in Preussag which is presently valued in the stock market at around DM 350m.

Two French public works groups consider link-up

BY DAVID WHITE IN PARIS

TWO OF FRANCE'S largest public works companies, Spie-Batignolles and Fougerolle, plan to study the possibility of a link-up.

The directors of the two groups, who met yesterday, said that the details and terms of the project would be made known later.

The planned link between the two groups, which together had which together had turnover of FFr 12.6bn ($2.3bn) last year, comes less than three months after a reapproachment between their principal shareholders, respectively Empain-Schneider and Paribas.

In February Paribas took effective control of Empain-Schneider by buying out the stake held by the then chairman, Baron Edouard-Jean Empain. Paribas is also the dominant shareholder in Fougerolle with just less than 30 per cent.

The Empain-Schneider group holds a majority of Spie-Batignolle shares through three different holding companies.

Spie Batignolles, one of the more important subsidiaries of the Empain-Schneider group along with its nuclear and engineering interests, was one of the branches that Paribas had made clear from the start it wanted to develop. The company more than doubled its consolidated net profits last year to FFr 90m. Fougerolle made a net profit of FFr 56m last year.

Nordic bank lifts profits

By Lance Keyworth in Helsinki

LARGER BUSINESS volume combined with high interest rates has helped lift profits at the Nordic Investment Bank, the bank set up by the main Nordic countries in 1976.

The bank shows its accounts in special drawing rights (SDR) and for 1980 net profits were SDR 12m, a gain of 32 per cent. The result represents a return on capital of around 10 per cent, the bank says.

Trading volume continued to expand with advances extending to SDR 426m ($545m). The bank has "consolidated its position" as a borrower in international capital markets, raising loans in 10 separate currencies last year. Year-end debt totalled SDR 187.7m.

● Nordstjernan, the shipping and industrial company belonging to Sweden's family-owned Johnson group, almost quadrupled earnings in 1980, with pre-tax profits rising to SKr 110m ($22.9m) from SKr 28m. Sales climbed from SKr 5.8bn to SKr 7.5bn.

Insurer advances

Milano Assicurazioni, the insurance group controlled by Invest SpA, lifted net profit from L5.97bn to L7.56bn ($6.6m) for 1980. AP-DJ reports from Milan.

Earnings growth for Globus

BY OUR ZURICH CORRESPONDENT

MAGAZINE ZUM Globus, the Zurich-based department store concern, recommends unchanged dividends of SwFr 70 per share and SwFr 14 per participation certificate for the year ended February 28. Earnings in the year rose from SwFr 10.4m to SwFr 11.6m ($5.66m). Cash-flow was up from SwFr 26.5m to SwFr 28.3m.

Overall turnover increased by 6.4 per cent to SwFr 937.2m. Of this, SwFr 491.2m was accounted for by ABM department stores, SwFr 313.7m by Globus department stores and SwFr 24.6m by the Herren-Globus/Picdor menswear shops in Switzerland.

JOHN HADLAND HOLDINGS LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar.

All documents for registration and correspondence should in future be sent to the address below.

G. JANOUCH,
DIRECTOR & SECRETARY

Lloyds Bank Limited,
Registrars Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA.
Telephone: Worthing 502541
(STD code 0903)

Lloyds Bank Limited

OTTOMAN BANK

NOTICE IS HEREBY GIVEN that, in accordance with Article 29 of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on TUESDAY, the 23rd JUNE, 1981, in THE QUEEN'S ROOM, THE BALTIC EXCHANGE, 14-20 ST. MARY AXE, EC3A 8BU, at 11.30 a.m. to receive a Report from the Committee with the Accounts for the year ended 31st December, 1980; to propose a Dividend; and to elect Members of the Committee.

By Article 27 of the Statutes the General Meeting is composed of holders, whether in person or by proxy or both together, of at least thirty shares, who, to be entitled to take part in the Meeting, must deposit their shares and, as may be necessary, their proxies at the Head Office of the Company in Istanbul or at any of the branches, or in London at 2/3 Philpot Lane, EC3M 8AQ, or in Paris at 7 rue Meyerbeer, 75009, at least ten days before the date fixed for the Meeting.

The Report of the Committee and the Accounts which will be presented to the General Meeting are available to the Shareholders at the Head Office in Istanbul and at the offices in London and Paris.

R. A. SUTCH
20th May, 1981 Secretary to the Committee

Notice to Noteholders

The International Commercial Bank of China

U.S. $20,000,000 Floating Rate Notes Due 1983

Pursuant to clause 6(b) of the Listing Agreement, the Annual Report and Accounts for the year ended December 31st 1980 of the International Commercial Bank of China are available at the office of Cazenove and Co., 12 Tokenhouse Yard, London EC2R 7AN.

BANKERS TRUST COMPANY, LONDON
Fiscal Agent

DATED: May 20th 1981

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

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Brisk demand for ball joints lifts Toyo Bearing

BY YOKO SHIBATA IN TOKYO

[K]N TOYO BEARING, Japan's [se]cond largest bearing manu[fa]cturer, lifted net profits by [..] per cent to Y5.43bn ($24.5m) [fo]r the fiscal year ended March [..], reflecting brisk demand for [ba]ll joints and ball bearings [fr]om the automobile, machine [to]ol, and office machinery [in]dustries.

Sales advanced by 19.5 per [ce]nt to Y178.2bn ($802m) and [op]erating profits were 26.1 per [ce]nt higher at Y10.61bn. Profits [pe]r share improved to Y22.88, [fr]om Y14.98 a year earlier and [th]e dividend is increased to [Y]6.00 per share from Y5.00.

With a sharp rise in the production of front wheel drive cars, ball joint sales increased by 46 per cent over the previous year. Overall, domestic turnover rose by 21 per cent to account for 77.3 per cent of the total.

Exports gained by 14 per cent following efforts to increase sales in South East Asia, Latin America, and Australia. Prices were lifted to offset a sales slowdown in the U.S., the company's main export market, and the yen's rise in the foreign exchange markets.

The effects on earnings of declining export profitability as a result of the yen's appreciation and material price rises were offset by increased production and improvements in Toyo's financial flows.

The company sees continued strong demand in the current year for ball joints from the car industry and ball bearings from other industries. Operating profits are expected to reach Y12bn, up 13 per cent, net profits Y6.2bn, up 14.2 per cent, and sales Y190bn, up 6.6 per cent over 1980-81.

Property sale boosts Carrian

By Kevin Rafferty in Hong Kong

[T]HE SALE of Gammon House, [th]e tower block in central Hong [K]ong, helped Carrian Investments, the property group, to [sh]arply increase net profits, to [H]K$461.8m (US$85m) for the [ni]ne months to December 31. [Th]e results are not made com[pa]rable with the year-earlier [pe]riod because the group [ch]anged its accounting year. In [th]e previous 12 months, however, [pr]ofits were HK$10.55m.

The company proposes a final [di]vidend of 26 cents per share, [br]inging the total payout to 56 [ce]nts (28 cents in the previous [pe]riod) on a capital increased [by] a three-for-five scrip issue.

Carrian is to recommend a [th]ree-for-10 scrip issue with five-[ye]ar warrants. The warrants will [be] exercisable at HK$12.8 before [Ju]ly. 1984, and at HK$15.4 [th]ereafter.

Much of the boost in profits [co]mes from the sale of Gammon [Ho]use, now renamed Bank of [A]merica Tower, for HK$1.68bn, [wh]ich brought a profits before [ta]x of HK$680m. Carrian had [..] per cent of that deal.

Carrian is one of the most [ta]lked about stocks in Hong [K]ong, partly because of [un]certainty over its ownership.

Slump in polyester market hits Teijin

BY OUR TOKYO CORRESPONDENT

TEIJIN, Japan's largest polyester manufacturer and a leading manufacturer of synthetic fibre suffered a 19.7 per cent decline in operating profits to Y11.3bn ($509m) for the fiscal year ended March 31, because of a slump in the polyester market and a decline in export profitability as a result of the yen's appreciation in foreign exchange markets.

However, the company now sees a recovery in the polyester market and expects an increased contribution from polyester film sales and a resumption of the interim dividend is planned in the current fiscal year.

Net profits were 16.5 per cent lower at Y6.02bn, on sales of Y449.13bn ($2bn), up 11.4 per cent over the previous year. Profits per share slipped back to Y8.37 from Y10.13.

The company faced weakened demand in the year for clothing; a slow-down in demands for industrial textile materials, reflecting a sluggish industrial activity; and a deterioration in export profitability.

However, by putting the major stress on sales of high value products, and by marking up selling prices to cover material price rises, the company was able to increase sales of polyester by 13 per cent to account for 55.5 per cent of the total turnover and nylon by 10 per cent to account for 13 per cent.

Further rises in costs are not expected in the current year and earnings and sales are forecast to be maintained at 1980-81 levels. The dividend payment is expected to be held at Y5.

CUB steps up battle for control of Elder

By Our Sydney Correspondent

A STRUGGLE for control of Elder Smith Goldsbrough Mort, the South Australian diversified industrial and pastoral group, flared into life yesterday, when Carlton and United Breweries (CUB) launched an A$139m (U.S.$158m) bid to raise its stake in Elder to 50 per cent from 19.9 per cent.

Its move comes as the Bell Group, controlled by Mr. Robert Holmes a'Court, the West Australian businessman, has re-emerged as a bidder for control of Elder. The return by Bell, which withdrew from a takeover move in March in face of determined opposition from friends of Elder, is currently held up by a court action undertaken by BT Australia, the merchant bank.

Carlton and United, the Melbourne-based breweries concern, is making an offer of nine of its own shares for four Elder shares, or alternatively A$5.15 a share in cash.

CUB bought its 19.9 per cent stake in Elder through BT Australia from the Bell group at the close of the market battle for Elder in March, when a defensive merger between Elder and Henry Jones (IXL), the food group, was unveiled. This merger, still under way, was intended to produce a company ranking among the top 20, with assets of more than A$1bn, and with CUB as its major shareholder.

CUB holds 33 per cent of Henry Jones and with its 19.9 per cent of Elders would, it was planned, have ended up with between 26 per cent and 32 per cent of the enlarged group, depending on the number of shareholders who opted for the cash in the Elder's bid for Henry Jones.

But the ownership of the new group has rested in uncertainty for the last week, following the Bell group's filing of a draft Part A statement for a renewed partial takeover bid for Elder.

This followed from legal opinion given to Bell that, contrary to widespread belief, the new South Australian Company Takeovers Act did not give Bell scope to seek Supreme Court permission to withdraw from its announced bid for Elder after permission to withdraw had been denied by the South Australian Attorney-General.

Bell has prepared to renew its offer for 50 per cent of Elder, at A$5.10 a share. The draft Part A was not formalised because BT Australia mounted a legal challenge, and last Thursday was granted a temporary injunction in the SA Supreme Mourt restraining the Bell Group from proceeding.

Canadian bank branches for Tokyo

TOKYO — Japan's Finance [M]inistry has approved plans for [fiv]e Canadian banks to open [br]anch offices in Tokyo.

The banks, which already [ha]ve representative offices in [To]kyo, are Royal Bank of [Ca]nada, Canadian Imperial [Ba]nk of Commerce, Bank of [M]ontreal, Bank of Nova Scotia, [an]d Toronto-Dominion bank.

The Ministry has also [a]pproved plans for Citibank to [op]en a new branch in Kobe, [w]estern Japan; for Lloyds Bank [In]ternational to open a branch [in] Osaka; and for Credit Com[m]ercial de France and Credito [It]aliano to open branches in [To]kyo.

Citibank at present has [br]anches in Tokyo, Osaka, Yoko[ha]ma, and Nagoya, and Lloyds [Ba]nk International has a [br]anch in Tokyo.

Credit Commercial de France [an]d Credito Italiano have [re]presentative offices in Tokyo.

[R]euter

Nikko and Yamaichi plan local and overseas issues

TOKYO — Nikko Securities Company and Yamaichi Securities Company, two of the top four Japanese securities houses, plan to increase their capital by offering 50m shares of capital stock in Japan and abroad at market prices, in each case.

Nikko is to offer 20m shares in Japan through public placement and 30m publicly in the form of European Depositary Receipts (EDRs) through an underwriting syndicate led by Deutsche Bank AG with payment on July 15.

Yamaichi will issue 30m shares in Japan at a premium to the Y50 par value with 20m to be offered in Europe in EDR form with payment in mid-July.

Nikko's capital increase will be its first for five years and Yamaichi's its first in three

The companies said they would each consider a one-for-20 scrip issue by September this year to return to shareholders premiums accruing from the offerings of capital stock.

Nikko's capital will be increased to Y51.3bn ($231m) from the present Y48.8bn while that of Yamaichi will rise to Y38.8bn from Y36.3bn.

Reuter

Downturn at Cycle and Carriage

BY GEORGIE LEE IN SINGAPORE

CYCLE AND CARRIAGE, the major motor trader in Singapore and Malaysia, has reported a 51.4 per cent fall in pre-tax profits for the half year ended March 1981 to S$22.5m (US$10.5m). Turnover fell by 6 per cent to S$176.4m (US$82m) or by 3.7 per cent to S$250.9m including the group's share of associated companies' sales.

Turnover in Singapore fell by 27 per cent to S$85.5m. Cycle and Carriage, which is the distributor of Mercedes and Mitsubishi vehicles, said that following the cessation of assembly in Singapore, imported Mercedes Benz vehicles were marketed.

Although there was strong demand for the new S class Mercedes Benz, supplies were severely limited and sales were much lower than in the comparable period last year.

In Malaysia, turnover increased by 29 per cent, but with higher sales of Mitsubishi vehicles, profits were lower

Cycle and Carriage says that in the current half year, Mercedes Benz car sales in Singapore should rise and selling prices for Mitsubishi vehicles have recently been increased

The Malaysian subsidiary, Cycle and Carriage Bintang, is also expecting a substantial improvement in profits. Second-half profits are therefore expected to be better

Johannesburg listing for Concor through takeover

BY JIM JONES IN JOHANNESBURG

CONCOR HOLDING, the Johannesburg-based civil engineering and construction group, is to acquire a Johannesburg stock exchange listing on July 1 through a reverse takeover of Elmar Holdings, which has

In the year to June 30, 1980, Concor earned an after-tax profit of R2.47m ($2.94m) and forecasts earnings of not less than R3m in the year to June, 1981. As a result of the acquisition, some relatively small building contracting interests. Elmar is to acquire Concor's 2.02m issued shares in exchange for 16.16m new Elmar shares. At present Elmar has 5.9m ordinary shares in issue.

Elmar's earnings are expected to increase from 4 cents to 15 cents a share in 1980-81. It is to pay a dividend of 4 cents covered 3.75 times. The company says the cover will be maintained at this level

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May 20, 1981
By: Citibank, N.A., London Agent Bank

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In accordance with the provisions of the above Notes, notice is hereby given that the rate of interest for the Interest Period from May 18, 1981 to November 18, 1981 has been established at 19 9/16% per annum. Interest due at the end of the Interest Period of US$499.93 will be available upon surrender to any of the Paying Agents of Coupon No. 3.

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 20th May, 1981 to 20th November, 1981 the Notes will carry an Interest Rate of 18 5/16% per annum and the Coupon Amount per U.S. $5,000 will be U.S. $467.99.

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WORLD STOCK MARKETS

Wall St. 10.18 lower at 1 pm

RISING interest rates and an upward revision of U.S. inflation in the first quarter sent prices lower across a fairly broad front.

The Dow Jones Index was down 10.18 to 975.59 at 1 pm. Volume was 30.43m shares (33.1m). Declines led advances by nearly two to one.

The NYSE All Common Index was 55 cents lower at $76.18.

All major banks joined the move, which began on Monday to a 20 per cent prime interest rate from 19½ per cent.

The Commerce Department said Inflation, as measured by the Gross National Product Price Deflator, grew at an annual rate of 10 per cent in the first quarter instead of 7.8 per cent as stated in a preliminary report last month.

Analysts said the worsening inflation rate raised concern that U.S. monetary authorities might have to tighten credit conditions and push up interest rates even further.

Shares of Japanese companies were among the biggest losers after the Tokyo stock market suffered its worst setback in 6¼ years. The selloff in Tokyo was prompted by political uncertainty surrounding the Administration of Prime Minister Zenko Suzuki.

Matsushita Electric dropped $6⅜ to $72¼, Sony $1⅜ to $21⅜ and Kyoto Ceramic $2⅞ to $40¼.

Dean Witter slipped 1⅜ to $30¼ and brought to more than five points the loss in the stock the past two sessions.

Mesa Petroleum, the most active issue, slipped $1¼ to $27½. The company said its officers sold 1,190,000 shares. Compugraphic dropped $⅞ to $25⅜, although it had been down nearly three points at one time on a forecast of a third quarter loss.

Hewlett-Packard surrendered $3½ to $100½ despite higher second quarter profits.

THE AMERICAN SE Market Value Index was off 1.92 at 366.92 on volume of 3.73m (3.6m) shares.

Champion Home Builders, among the most active, lost $⅛ to $2¼ on 37,000 shares.

Closing prices for North America were not available for this edition.

Canada

The market was sharply and broadly lower at noon in moderate trading. Declines outnumbered advances 360 to 147 as the Toronto Composite Index fell 19.5 to 2,318.3

Oil issues were the heaviest losers, with the Oil and Gas Index shedding 92.1 to 4,864.1. The Golds Index lost 63.4 to 4,548.6, while Metals and Minerals fell 23.0 to 2,288.8.

Gulf was down C$1¼ to C$27½. Dome Petroleum C$½ to C$21¾ and Hudson Bay Oil and Gas retreated C$2¼ to C$33⅞. Dome's bid for Hudson Bay Oil and Gas through the purchase of Conoco shares is being opposed by Conoco.

Calgary Power was off ½ to C$19⅞ and Nu-West was off ½ to C$14½. Nu-West has made an offer for a minority position in Calgary.

In Golds, Dome Mines lost ⅜ to C$28¼, Campbell Red Lake ½ to C$22 and Giant Yellowknife ½ to C$20.

Tokyo

The Nikkei Dow Jones Index fell 187.88 points, its heaviest loss for over 6¼ years, to 7,264.01 on widespread profit-taking.

Selling was prompted by political uncertainty surrounding the Suzuki Administration following a statement by former U.S. Ambassador Mr. Edwin Reischauer that U.S. warships carrying nuclear weapons have been calling at Japanese ports, contrary to Japanese Government policy.

The Stock Exchange Index lost 12.95 to 540.01 in moderate trading of 440m shares as many investors tended to stay on the sidelines, awaiting political developments.

Another rise in U.S. prime rate also dampened sentiment, inducing profit-taking by foreign investors.

Heavy Electric Machines, Steels, high-priced Electricals, Precisions and other front runners posted heavy losses, with Sony down Y290 to Y4,840. Mitsubishi Electricity Y40 to Y307, Toshiba Y32 to Y393, Hitachi Y47 to Y628, Nippon Kokan Y9 to Y180 and Nippon Steel Y14 to Y217.

The market average fall was the largest since October 9, 1974, when it fell 191.78 points, and the sixth largest in the market's history.

Toyota Motor lost Y24 to Y930, Honda Motor Y29 to Y836, Canon Y90 to Y1,400, Matsushita Elec. Y150 to Y1,590, Fuji Photo Y140 to Y1,670, Nippon Elec. Y32 to Y698, Mitsubishi Metal Y9 to Y165, Victor Japan Y90 to Y3,200, Hitachi Shipbuilding Y7 to Y196 and Nomura Securities Y36 to Y539.

Germany

Leading shares closed weaker in lacklustre trading.

Uncertainty over the development of U.S. interest rates is dampening buying interest, and institutional investors are reducing their portfolios. The Commerzbank Index fell 6.2 to 707.50.

Bayer led Chemicals down DM 1.20, in lower Banks Deutsche shed DM 2.20, Daimler featured in lower Autos, down DM 2.50 at DM 303.50, while in otherwise lower Engineerings Linde gained DM 1.50.

On the domestic bond market, older public paper was mostly weaker with losses up to 0.70. But elsewhere some issues were marked up by as much as 0.50, the new post loan was traded at its 99½ issue price. The Bundesbank sold DM 3.8m from intervention stock.

Hong Kong

The market closed slightly weaker, mainly due to the effect of the rise in prime rates by several major U.S. banks.

Among leaders, Swire Pacific showed a 60c rise at HK$ 18.60, Hongkong Bank fell 10c to HK$ 15.60, Hongkong Wharf 5c to HK$ 8.90, Hutchison Whampoa 30c to HK$ 18.70 and Jardine Matheson 20c to HK$ 21.50.

Secondary issues received rather better support.

Wah Kwong Properties fell 10c to HK$ 3.40, Wing On Holdings 30c to HK$ 7.40, Sun Hung Kai Properties 10c to HK$ 16.40, Hong Kong Telephone 40c to HK$ 20.70, Hopewell 10c to HK$ 18.20, Hang Seng HK$ 1 to HK$ 121.00 and Hongkong Hotels 50c to HK$ 46.00.

Jardine Securities rose 20c to HK$ 14.50, OTB 30c to HK$ 7.05 and Sun Hung Kai Securities 10c to HK$4.675.

Australia

Banking stocks went through another major shuffle as traders assessed the implications of the collapse of merger discussions between the ANZ and CBC.

CBC shares lost A$1.60 to A$5.60 but ANZ rose 65 cents to A$4.75 as chances diminished that it would be called on to water down its capital as part of a takeover operation.

Traders discounted rumours that the National Bank could be ANZ's next takeover target as the shares fell 25c to A$3.25 on speculation that the group may be forced to increase its two-for-one share swap offer for the CBC, possibly by offering cash.

The Bank of New South Wales, which trumped the ANZ's takeover aspirations for the CBA bank last week, rose 7c to A$3.10, while the CBA was steady at A$6.50.

Trading was quiet elsewhere but Elders lost 25c to A$4.50 after the South Australian Supreme Court extended an injunction which will prevent the Bell Group from proceeding with a takeover bid.

Johannesburg

Shares closed slightly firmer with Golds showing gains of 25 or 50 cents among Heavyweights and about 5 cents among lesser priced producers.

Mining Financials and other Metal and Mineral sectors generally shadowed Golds

CANADA

Stock	May 15	May 14
Abitibi	26⅝	26⅝
Agnico Eagle	13	13
Alcan Alumin	38⅝	38⅝
Algoma Steel	46⅛	46⅛
Asbestos	38¾	38¾
Bk Montreal	27⅞	27⅞
Bk Nova Scotia	27½	27½
Basic Resources	11½	11½
Bell Canada	18¼	18¼
Bow Valley	19½	19½
BP Canada	46½	46½
Brascan A	35⅛	35⅛
Brinco	9½	9½
B. C. Forest	20⅜	20⅜
CadillacFairview	38	38
Camflo Mines	35	35⅜
Can Cement	15⅜	15
Can NW Lands	41	41
Can Packers	35¾	35¾
Can Perm Mtg	26¼	26¼
Can Trusco	27⅝	27⅝
Can Imp Bank	29¼	29¼
Cdn Inds	35⅞	35⅞
Cdn Pacific	44⅞	44⅞
Can P. Ent.	24¾	24¾
Cdn Tire	33	33
Cherokee Res	9¾	9¾
Chieftain	24¾	24¾
Cominco	68	68
Cons Bathst A.	27½	27½
Coseka Res	21¼	21¼
Costain	13	13⅞
Daon Devel.	11⅞	11¼
Denison Mines	48¼	48
Dome Mines	29⅛	—
Dome Petroleum	22	—
Dom bridge	24¾	24¾
Dom Foundries A	47¼	47¼
Dom Stores	23½	23½
Domtar	36	36
Falcon Nickel	109¼	109¼
Genstar	37¾	37¾
Gt.-West Life	250	250
Gulf Canada	28¾	28¾
Gulfstream Res	8	8
Hawk Sid. Can	25⅝	25⅝
Hollinger Argus	48½	48½
Hudson Bay Mng.	29¾	29¾
Hudson's Bay	26½	26½
do. Oil & Gas	36⅛	36⅛
Husky Oil	18½	18½
IAC	11	11
Imasco	36	36
Imp Oil A.	36⅝	36⅝
Inco	28⅛	28⅛
Indal	17¾	17¾
Inter. Pipe	16⅛	16⅛
Mac Bloedel	39⅞	39⅞
Marks & Spencer	10⅝	10⅝
Massey Ferg	4.65	4.65
McIntyre Mines	63	63
Merland Explor	8⅞	8⅞
Mitel Corp	38¾	38¾
Moore Corp	42⅞	42⅞
Mountain State	15¾	15¾
Nat. Sea Prods A.	10½	10½
Noranda Mines	32⅞	32⅞
Nthn. Telecom	43⅞	43⅞
Oakwood Pet	20½	20½
Pacific Copper	3.20	3.20
Pan can Petrol	92½	92½
Patino	62	63
Placer Dev	23⅛	23⅛
Power Corp	21⅜	21⅜
Quebec Strgn	4.65	4.65
Ranger Oil	16⅝	16⅝
Reed Stenhs A.	12	12
Rio Algom	40	40
Royal Bank	28⅞	28⅞
Royal Trustco A.	19½	19½
Sceptre Res	14¾	14¾
Seagram	63	63
Shell can Oil	27½	27½
Steel of Can A.	35¾	35¾
Teck B	19⅞	19⅞
Texaco Canada	25⅝	25⅝
Thomson NewsA	23	23

BELGIUM (continued)

May 19	Price Frs.	+ or —
Petrofina	4,560	......
Royale Belge	4,310	—60
Soc Gen Banq.	1,560	—40
Soc Gen Belge	1,000	—16
Sofina	2,450	—50
Solvay	2,280	—25
Traction Elect	1,950	—45
UCB	1,140	—58
Union Miniere	680	—18
Vieille Mont.	1,150	—30

DENMARK

May 19	Price %	+ or —
Andelsbanken	117.2	......
Baltica Skand.	382.4	—0.6
CopHandelsbank	118	......
D. Sukkerfab	368.2	—0.8
Danske Bank	115	......
East Asiatic	131	—0.6
Finansbanken	163.2	......
Forenede Brygg.	363	+8
Forenede Damp	292.4	+0.2
GNT Hldg	201	+1
Nord Kabel	142	—0.4
Novo Ind	1271	+31
Papirfabrikker	105	......
Privatbanken	121.4	+0.2
Provnsbanken	122.4	......
Smidth (Fl)	275	+3
S. Berendsen	6[illegible]8	......
Superfos	132	......

FRANCE

May 19	Price Frs.	+ or —
Emprunt 4½% 1973	2,405	—53
Emprunt 7% 1973	6,950	—240
CNE 3%	2,685	—75
Afrique Occid.	430	+8
Air Liquide	409	+1.8
Aquitaine	765	—20
Au Printemps	99	......
BIC	452	+12
Banq' Rothschild	111	......
Bouygues	713	+27
BSN Gervais	950	+5
Carrefour	1,620	+35
Club Mediter	418	+8.5
CGE	296	—1
CSF (Thomson)	250	+10
Cie Bancaire	254	......
Cie Gen Eaux	251	—10
Cofimeg	122.1	—1.4
CCF	160	—6
Creusot Loire	49.4	—6.1
CFP	130	—2
DNEL	29	+0.5
Dumez	830	+19
Ferodo	259.8	+3.8
Gen.-Occidental	376.5	+6
Imetal	75.5	—1
Lafarge	259	......
L'Oreal	600	—1
Legrand	1,315	—6
Machines Bull	44.7	—0.3
Matra	1,265	—140
Michelin B.	683	—7
Moet-Hennessy	418	+2
Moulinex	57.2	+0.1
Paribas	179	—0.5
Pechiney	76.2	—0.1
Pernod Ricard	258	—1
Perrier	135	—3
Peugeot-SA	145	+2.4
Poclain	149	—6
Radiotech	204	—2
Redoute	523	—8
Rhone-Poulenc	64.9	—0.6
Roussel-Uclaf	160	+6
St. Gobain	111	+2
Skis Rossignol	430	+8
Suez	246	—5
Telemech Elect.	933	—8
Thomson Brandt	176	—2

GERMANY

May 19	Price Dm.	+ or —
AEG-Telef	52	—0.5

HOLLAND

May 19	Price Fls.	+ or —
ACF Holding	82.2	—0.8
Ahold	68.8	—0.2
AKZO	22.2	—0.5
ABN	281	+1
AMEV	86.2	+0.4
AMRO	52.8	—0.1
Bredero Cert	217	+1
Bos Kalis	82.5	—0.5
Buhrmann-Tet	59	—0.5
Caland Hldgs	34.6	+0.1
Elsevier	133.8	......
Ennia	142	+0.1
EuroCom Tst	76.5	......
Gist. Brocades	59	—0.5
Heineken	53.1	—1.5
Hoogovens	17	......
Hunter Douglas	10.2	—0.3
Int-Muller	19.6	......
KLM	123.3	—4.2
Naarden	20.2	......
Nat Ned Cert	110.2	+1.6
Ned Cred Bank	44.8	+0.3
Ned Mid Bank	156.5	—1.5
Nedlloyd	133	—0.5
Oce Grinten	117.5	+0.5
Ommeren (Van)	34.7	—0.5
Pakhoed	43.5	—1.1
Philips	21.2	—0.1
Rijn-Schelde	44.5	—1
Robeco	235	—1
Rodamco	121.1	+0.2
Rolinco	252.3	—1.7
Rorento	130.4	+0.1
Royal Dutch	96	—2.3
Slavenburg's	121.5	—1.5
Tokyo Pac Hg	233	—3
Unilever	156	—1
Viking Res	148	......
VMF Stork	46.5	—0.2
VNU	61	+1
Volker-Stevin	28.5	......
West Utr Bank	159.5	—0.5

ITALY

May 19	Price Lire	+ or —
ANIC	799	—11
Assicur Gen.	162,800	+4600
Banca Com'le	99,000	+3770
Bastogi Fin	505	—5½
Centrale	11,800	+1800
Credito Varesino	25,990	+2500
Fiat	2,385	—89
Finsider	81.40	—3.60
Invest	5,920	+31
Italcementi	61,900	+4550
Italsider	300	......
Montedison	235	—1
Olivetti	4,410	......
Pirelli Co.	5,010	+310
Pirelli Spa	2,548	—2
Snia Viscosa	1,120	......
do. do. Priv.	1,100	+1
Toro Assic.	69,000	—400
do. Pref.	68,000	—890

NORWAY

May 19	Price Kroner	+ or —
Bergens Bank	107	......
Borregaard	89.5	+0.5
Creditbank	114	......
Elkem	63	—1
Kosmos	465	......
Norsk Hydro	396	—5
Storebrand	175	......

SWEDEN

May 19	Price Kroner	+ or —
AGA	238	+6
Alfa-Laval	169	—1
ASEA	97	......
Astra	310	+10
Atlas Copco	93.5	—0.5
Boliden	278	......
Cellulosa	196	+4

AUSTRALIA

May 19	Price Aust. $	+ or —
ANZ Group	4.75	+0.65
Acrow Aust	1.20	......
Allstate Expl	1.05	......
Ampol Pet	1.70	......
Assoc. Pulp Pap.	2.3	—0.05
Audimco	0.20	......
Aust. Cons. Ind.	1.99	—0.01
Aust. Guarant.	1.93	—0.07
Aust. Nat. Inds	3.65	+0.03
Aust Paper	2.26	......
Bank NSW	3.1	+0.07
Blue Metal	1.98	......
Bond Hldgs	3.3	+0.1
Boral	3.58	—0.02
Bl'ville Copper	1.61	—0.02
Brambles Inds	3.05	+0.04
Bridge Oil	6.40	......
BHP	13.85	—0.1
Brunswick Oil	0.23	+0.01
CRA	4.4	+0.08
CSR	6.32	+0.02
Carlton & Utd	2.60	......
Castlemaine Tys.	2.9	—0.05
Cluff Oil (Aust)	0.37	—0.01
Do. Opts	0.26	......
Cockburn Cemt.	1.80	......
Coles (G.J.)	2.6	—0.02
Comalco	2.40	......
Cons Gold	6.30	......
Containers	6.14	......
Costain	3.75	......
Crusader Oil	5.7	+0.1
Dunlop	1.32	+0.04
Elder Smith GM.	4.5	—0.25
Endeavour Res	0.55	......
Gen Prop Trust	1.74	+0.02
Hamersley	4.2	—0.02
Hartogen Energy	8.20	......
Hooker	1.35	......
ICI Aust	2.16	+0.01
Jennings	1.42	......
Jimberlana 25c	1.0	+0.1
Jones (D)	1.55	......
Kia Ora Gold	0.26	+0.01
Lennard Oil	0.66	+0.03
MIM	4.70	......
Meekatharra Ms	6.90	......
Meridian Oil	0.36	—0.02
Monarch Pet	0.32	......
Myer Emp.	1.8	+0.05
Nat Bank	3.25	—0.05
News	3.25	+0.05
Nicholas Int.	1.30	......
North Bkn Hill	3.20	......
Oakbridge	2.56	......
Otter Expl	0.90	......
Pancon	8.3	—0.2
Pan Pacific	0.16	......
Pioneer Conc	2.27	+0.03
Queen Marg't G.	0.40	......
Reckitt & Coln	2.55	+0.05
Santos	5.96	+0.06
Sleigh (H.C.)	1.54	—0.04
Southland M'n'g.	0.70	......
Spargos Expl	0.58	......
Thos Natwide	2.65	—0.05
Tooth	2.65	—0.05
UMAL Cons	3.7	—0.05
Valiant Consdt	0.35	......
Waltons	1.00	......
Western Mining	4.93	+0.03
Woodside Petrol	2.20	......
Woolworths	1.88	—0.22
Wormald Intl	3.7	—0.1

HONG KONG

May 19	Price H.K.$	+ or —
Cheung Kong	27.8	......
Cosmo Prop	2.20	......
Cross Harbour	9.60	......
Hang Seng Bank	121	—1
HK Electric	6.25xa	—0.10
HK Kowloon Wh.	8.90	—0.05
HK Land	13.5	......
HK Shanghai Bk.	15.60	—0.10
HK Telephone	20.70	—0.40
Hutchison Wpa.	18.70	—0.30
Jardine Math	21.50	—0.20
New World Dev	6.30	......
O'seas Trust Bk	7.05	+0.30
SHK Props	16.40	—0.10
Swire Pac A	18.60	+0.60
Wheel'k Mard A.	7.80	......
Wheel'k Mariti'e	4.1	......
World Int. Hldgs.	4.56	......

JAPAN (continued)

May 19	Price Yen	+ or —
Kubota	345	—3
Kumgai	341	......
Kyoto Ceramic	4,590	—210
Lion	390	—2
Maeda Cons	565	—4
Makita	890	—10
Marubeni	353	—2
Marudai	610	—3
Marui	860	+50
Matsushita	1,590	—150
M'ta Elec Works	605	—3
M'bishi Bank	400	......
M'bishi Corp	423	—10
M'ibishi Elec	307	—40
M'bishi RI East	438	—2
MHI	259	—22
Mitsui Co.	310	+2
Mitsui RI Est	573	—7
Mitsukoshi	435	+5
NGK Insulators	415	—3
Nippon Denso	1,190	—40
Nippon Gakki	882	—17
Nippon Meat	430	......
Nippon Oil	1,000	......
Nippon Shinpan	736	—24
Nippon Steel	217	—14
Nippon Suisan	228	......
NTV	4,300	......
Nissan Motor	791	—1
Nisshin Flour	350	—5
Nisshin Steel	162	—5
Nomura	539	—36
NYK	300	—3
Olympus	1,700	—30
Orient	1,200	—20
Pioneer	3,560	—150
Renown	790	......
Ricoh	716	—46
Sanyo Elect	595	—25
Sapporo	248	—2
Sekisui Prefab	645	—10
Sharp	785	—65
Shiseido	850	......
Sony	4,840	—290
Stanley	454	......
S'tomo Marine	307	—13
Taihei Dengyo	556	+1
Taisei Corp	207	—5
Taisho Pharm	550	......
Takeda	845	—18
TDK	4,930	—190
Teijin	186	—9
Teikoku Oil	745	—14
TBS	465	—10
Tokio Marine	758	—9
Tokyo Elect.Pwr.	905	—8
Tokyo Gas	113	......
Tokyo Sanyo	565	—9
Tokyu Corp	220	—1
Toshiba	393	—32
TOTO	485	—10
Toyo Seikan	390	......
Toyota Motor	930	—24
Victor	3,200	—90
Wacoal	765	—3
Yamaha	685	—15
Yamazaki	515	+5
Yasuda Fire	333	—9
Yokogawa Bdge	520	+14

SINGAPORE

May 19	Price $	+ or —
Boustead Bhd	8.90	—0.15
Cold Storage	4.90	—0.04
DBS	8.20	—0.15
Fraser & Neave	6.50	—0.05
Haw Par	3.90	—0.02
Inchcape Bhd	3.88	—0.04
Malay Banking	9.10	—0.10
Malay Brew	6.3	......
OCBC	12.70	—0.10
Sime Darby	4.74	—0.06
Straits Trdg	13.20	—0.30
UOB	7.26	—0.30

SOUTH AFRICA

May 19	Price Rand	+ or —
Abercom	3.9	......
AE & CI	8.8	......
Anglo Am.	16.8	+0.2
Anglo Am. Gold	101.25	......
Barlow Rand	10.65	+0.1
Buffels	48.75	+0.75

Indices

NEW YORK —DOW JONES

COMMODITIES AND AGRICULTURE

Lords attack EEC fruit and vegetable policy

BY RICHARD MOONEY

EEC MARKET support arrangements for apples should be altered to stop them working to the disadvantage of British growers, a House of Lords committee recommends in a report* published today.

Evidence collected by the select committee of the European Communities confirms claims made by British growers that the Community regime favours the larger types of apples grown in southern Europe, particularly French Golden Delicious.

"The [EEC] Commission should take steps to reduce the level of withdrawal prices for Golden Delicious apples, with a view to eliminating the inequitable treatment of growers of other varieties," the report says.

But it does not place all the blame for British apple growers' difficulties on the EEC. Better marketing by the French exporters is also an important factor," it says, adding that the committee welcomes recent efforts of the British to improve their marketing.

The committee believes EEC fruit and vegetables policy as a whole is in urgent need of simplification. It criticises the diversity of policy measures and the difficulty of monitoring and controlling the policy. It warns that additional problems will undoubtedly arise following the inclusion of Greece, and later Spain and Portugal, in the Community.

In the Community of Nine, fruit and vegetable growing has been accounting for between 11 and 12 per cent of total agricultural production. But the greater dependence of the new entrants on this sector will raise this proportion significantly.

Arrangements covering imports from outside the Community also come in for criticism as being "unduly restrictive." The committee feels there is no need to tax out-of-season produce so heavily and suggests border tariffs should be reduced.

On national aids the committee is concerned at the lack of adequate information to substantiate or refute allegations of abuses. This leads to distrust and suspicion, it says.

The Commission should not keep its register of national aids for its own use exclusively but should make it available for public scrutiny, the committee urges.

The report notes that while the UK attracted only £1m out of the £443m spent by the EEG on the fruit and vegetable sector last year its contribution through the common customs tariff on these products amounted to an estimated £79m.

Fruit and Vegetables, HMSO, price £5.70.

Anti-butter campaign challenged

By Our Commodities Staff

THE WORLD dairy industry has not done enough to fight back against sustained attacks by margarine manufacturers on butter's health reputation, Mr. James Morton, chairman of the Butter Information Council said yesterday.

Speaking in Belfast he said: "We have stood aside and watched butter attacked in many countries in what is one of the most blatant and unjustified smear campaigns ever to have been mounted against a product."

Mr. Morton, whose organisation represents the butter producers of the UK, Ireland, Denmark, the Netherlands and New Zealand, blamed this campaign, along with the widening price gap between butter and margarine, for the sharp fall in UK butter consumption.

Mr. Morton claimed the basic assumption on which the anti-butter campaign was based was wrong. It was not true, he said, that people were eating more animal fat now than in the past. Earlier figures which suggested this had ignored the fact that meat was much fatter in the past. It was now known that animal fat consumption had in fact dropped.

Argentina seeks increased grain sales to USSR

BUENOS AIRES—Argentine trade minister, Sr. Carlos Garcia has asked a Soviet trade mission to increase the amount of grains and oilseeds to be acquired by the USSR under a medium term agreement.

Sr. Martinez met representatives of the mission, led by vice minister for international trade Boris Gordeev, this morning.

However, it is not known whether any increase in the 4m tonnes of maize and sorghum and the 500,000 tonnes of soyabeans minimum annual quantities will be agreed before the mission leaves on Wednesday.

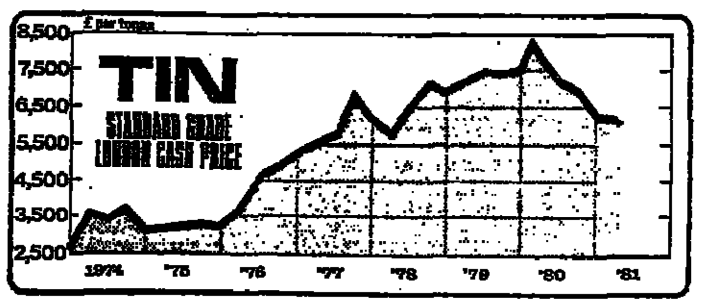
Grain trade's said last week they understood the Argentine authorities would like to see it expanded to include a minimum 6m tonnes of maize and sorghum and 1m tonnes of wheat, a commodity which is not included in the current agreement.

MARKET PROFILE: TIN

Pact enters crucial period

BY JOHN EDWARDS, COMMODITIES EDITOR

THE WEEKS ahead will be crucial for the tin market. Next month (June 9 to 26) sees an important negotiating session in Geneva over the proposed new International Tin Agreement to replace the existing pact which expires in June next year.



In July, producers' demands for a rise in the agreement price range will be pressed even harder at the next Tin Council meeting. Producers walked out of the April meeting in disgust when the U.S. held out against any increase. A similar refusal in July would put the whole pact in jeopardy.

There are signs that the U.S. is likely to adopt a more conciliatory attitude at both meetings. Although philosophically the Reagan Administration is opposed to the distortion of free market forces by such devices as international agreements, it is reported to be very conscious of the political implications.

Since the bulk of the world's tin comes from the politically sensitive South East Asian nations (Malaysia, Indonesia and Thailand) and from Bolivia, and the U.S. has virtually no domestic resources of tin apart from its strategic stockpile, there is a good case for compromise, especially as the concentration of tin production in a limited number of countries makes it one of the most suitable commodities for a producer cartel.

The U.S. has to decide if the concessions it would have to make to remain a member of the agreement are worthwhile or if it would be best to go back to its former role as a non-member with considerable influence. It is, after all, the world's biggest consumer of tin, and the strategic stockpile still equals about a year's world consumption. The stockpile currently holds just over 200,000 long tons of tin.

A sales programme to dispose of 30,000 tons over three years started on July 1 last year but so far only 730 tons have been sold, mainly because offering prices have been kept at a high level to avoid disrupting the market.

Producer countries claim that the availability of stockpile tin, even if not much is sold, depresses market prices since consumers know the supplies are there and can, therefore, reduce their stocks to below normal levels.

Producers also point out that it is a crazy situation for the U.S. to be selling stockpile tin when the buffer stock of the International Tin Agreement, mainly financed by developing countries, is having to buy up surplus supplies on the world market in order to support prices. In the past the U.S. agreed to halt stockpile sales when world market prices were having to be supported by the agreement buffer stock.

But sales of stockpile tin are a key factor in the Reagan Administration plans to build up supplies of raw materials currently below the stockpile requirements using funds generated by the sale of raw materials surplus to the required targets.

The buffer stock of the Tin Council is believed already to have been forced to start support buying this month—for the first time since 1975 when the buffer stock holdings reached a peak of over 20,000 tonnes before vanishing the next year.

If producers' demand for a rise in the Tin Agreement price range in July are conceded, the buffer stock will probably have to be even more active to defend the new "floor" price by support buying when market prices are in the lower price range (currently 27.28 to 30.01 Malaysian ringgit per kilo—equivalent at the present exchange rate to £5,595 to £6,155 a tonne).

Demand for tin has been hit like most base metals by the prolonged recession, particularly in the steel industry. Tinplate remains by far the biggest outlet for tin, but other markets such as solder and bronze (tin alloyed with copper) have suffered from the setbacks in the car and other leading industries.

The downturn in consumption, allied to an increase in production stimulated by previously high prices, has transformed the world tin market from scarcity to surplus. International Tin Council estimates for last year put consumption at a low 177,400 tonnes (compared with 183,300 in 1979 and a peak of 214,200 tonnes in 1973). Production of primary metal was put at 201,200 tonnes (unchanged from 1979 but considerably above the 178,500 tonnes produced in 1975).

These figures exclude most Communist bloc countries, among them the Soviet Union and China, but there seems little doubt that the continued economic depression this year in the main industrialised countries has increased the surplus of tin, even though production is showing distinct signs of flagging.

If efforts to reach a new Tin Agreement fail once again, the market could be in an even more volatile state. For the moment prices are likely to remain depressed while the economic recession lasts. After that they are expected to surge again, as consumption outstrips production.

The potential for new production capacity is well below the prospects for increased demand, especially in developing countries and in China, which is likely to become a net importer instead of exporter in the years ahead as its industrialisation programme develops.

Potato price support scheme launched

By Our Commodities Staff

THE POTATO Marketing Board aims to place 600,000 tonnes of ware potato production under contract in the coming season so that it can remove up to this amount from the market in the event of prices falling to unremunerative levels.

Farmers are now receiving a request from the board to offer 15 per cent of their ware production to the support programme. The guaranteed price for the 1981 crop remains at last year's £43.94 a tonne but delivery prices under the programme—ranging from £46 a tonne in October and December to £54 in July, 1982—are up to £7 higher.

Growers are being reminded that those who offer supplies will receive priority treatment in a second programme, should one be necessary. It is also being pointed out that delivery prices under a second programme would be less favourable.

UK tea demand up again last year

BY OUR COMMODITIES STAFF

TEA CONSUMPTION in the UK has risen for the second year in succession, according to the latest figures issued by the International Tea Committee in London yesterday.

Apparent consumption of tea in 1980 was 183,469 tonnes, 2 per cent higher than the 179,729 tonnes in 1979, and the second rise in successive years.

During the last 20 years the underlying trend in the UK tea market has been one of decline at an average rate of 2 per cent per annum. In the decade to 1977 tea sales fell by 40,000 tonnes, so the current up-turn is an encouraging sign.

Mr. Jim Munday, director of marketing of the Tea Council commented: "Only twice in the last 15 years have we seen any stability in the UK tea market. Both times have coincided with major generic promotional campaigns by the Tea Council."

Our correspondent in Calcutta writes: India's tea output this year might not exceed 50m kilos—about the same as in 1979—if the current adverse weather conditions in North East India continue much longer, Mr. S. N. Bangla, president of the Tea Association of India, has warned.

According to Mr. Bangla North East Indian output is already 45 per cent lower up to the middle of May compared with 80.78m kilos up to the same date last year.

Tea production in 1980 totalled 575.12m kilos compared with 546.33m kilos in 1979, which was a short crop year. According ot Sixth Plan annual output targets the industry should produce 20m. to 25m kilos over the 1980 figure.

S. N. Bagla points out that if this year's crop turns out to be a short one like that of 1979 India will find it hard to attain the export figure of 1980 which was 233m kilos.

However the Calcutta port authorities have set up a cell to monitor tea export shipments via Calcutta which are expected to amount to 200m kilos this year.

Buffer stock fails to halt decline in values

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES eased again yesterday, in spite of reported further support buying by the buffer stock of the International Tin Council in Penang overnight.

Dealers in Malaysia estimated the buffer stock bought between 125 and 200 tonnes of the 265 tonnes offered by the Penang smelters, Reuter reported. It is calculated that the buffer stock has bought some 800 tonnes during the past six trading days.

Nevertheless the Straits tin price, after jumping to 29.52 ringitts a kilo when buffer stock buying is believed to have started, has declined to 29.52 ringitts, with a fall of 3 cents on Tuesday.

Trade buying interest has reportedly declined because the Penang market remains at a premium over London. Cash tin on the London Metal Exchange yesterday lost a further £17.5 to £6,092.5 a tonne in quiet trading.

Zinc prices on the Metal Exchange also fell again on further profit-taking sales after the recent rise. Another leading European zinc smelter, Asturienne, raised its price by $50 to $925 a tonne. So did Norzink of Norway, but its associated company Boliden said it had not yet lifted its price.

Preussag of West Germany announced plans to convert its Harlingerode zinc smelter from primary to secondary production at the end of this year. This will cut annual capacity 30 per cent from the current 100,000 tonnes and means that mercury will no longer be a by-product.

Copper prices were slightly up, encouraged by the rise in U.S. housing starts during April and the U.S. mint buying tender.

Reuter reported overnight that representatives at the El Teniente copper mine in Chile, where workers have been on strike for 28 days, have asked for the latest company proposals to be submitted in writing so they can be put to the vote.

Lead too was higher on reports of further European consumer buying, which helped push the cash price up by £4.5 to £342 a tonne.

● The American Die Casting Institute urged in Washington that the U.S. strategic mineral stockpile be updated, warning that it "is dangerously low and cannot sustain the nation in times of war or national emergency."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed in quiet and routine trading on the London Metal Exchange. Forward material moved in a narrow range and closed the late kerb at £865. Turnover: 21,900 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	839.5-40	+3.25	840-1	+2.25
3 months	863.4	+2.75	864-.5	+2
Settlem't	840	+3	—	......
Cathodes				
Cash	832.3	+1	834-5.5	+4.25
3 months	852-3	+1.25	853.5-4	+3.5
Settlem't	833	+1	—	......
U.S. Prod	—		*83.65-88	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £839.5, 40, three months £864, 64.5, 65, 64.5, 64, 63.5, 64. Cathodes, cash £833. Kerb: Wirebars, three months £863.5, 64. Afternoon: Wirebars, three months £864.5, 65, 63.5, 64, 64.5. Cathodes, three months £853.5. Kerb: Wirebars, three months £865, 65.5, 65, 64.5, 65, 65.5.

TIN—Marginally easier as the decline at Penang saw forward metal open lower at £6,210 before closing the late kerb at £6,215. Turnover 1,095 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6111-5	+.5	6090-5	−17.5
3 months	6225-30	−5	6210-5	−10
Settlem't	6115	......	—	......
Standard				
Cash	6105-10	−5	6090-5	−17.5
3 months	6225-30	−5	6210-5	−10
Settlem't	6110	−5	—	......
Straits E.	†$29.52	−0.05		......
New York	—	......		

Morning: Standard, cash £6,110, three months £6,210, 20, 25, 30, 28. High Grade, cash £6,111. Kerb: Standard, three months £6,220. Afternoon: Standard, cash £6,085, three months £6,220, 15, 10, 15. Kerb: Standard, three months £6,215.

LEAD—Firmer as the decline in sterling was only partly met by trade selling. Three months eased to £349 in early trading but recovered to £353 before closing at £350. Turnover: 8,525 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	343-.5	+6	341.5-2.5	+4.5
3 months	351.5-2.5	+5	351.5-2	+4.5
Settlem't	343.5	+6		......
U.S. Spot	—	......	*36-8	......

Morning: Cash £343.5, 44, three months £352, 51.5, 52, 52.5, 53, 52.5, 52. Kerb: Three months £352, 52.5. Afternoon: Three months £352.5, 52, 51, 50, 51, 51.5, 52. Kerb: Three months £351, 50, 50.5, 50.

ZINC—Lower as western European trade selling saw forward metal fall to £407 before influential buying prompted a close of £409.5 on the late kerb. Turnover: 12,125 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Cash	399.5-4.0	−16.2	402.5-3	−7.5
3 months	408.5-9	−17	411.0-2	−8.25
S'ment	400.0	−16.5	—	......
Primw'ts		......	*45.75	......

Morning: Cash £400, three months £410, 09, 08.5, 09, 10, 09, 08.5. Kerb: Three months £409, 10, 11, 12, 13, 12, 13. Afternoon: Three months £412, 11, 12, 12.5, 12, 11, 11.5. Kerb: Three months £411, 12, 11, 10, 09.5.

ALUMINIUM—Steady with forward metal finally quoted at £649.5 on the late kerb. Turnover: 5,200 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Spot	627.5-8	+5.25	631.0-2	+1.5
3 months	647-.5	−2.5	649-.5	+.5

Morning: Three months £3,060. Kerb: Three months £3,065. Afternoon: Three months £3,065.

NICKEL—Edged higher in routine trading which saw three months close the afternoon at £3,062.5. Turnover: 636 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	3025-30	+10	3025-35	+12.5
3 months	3060-5	+15	3060-70	+15

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Three months £648, 47.5, 47. Kerb: Three months £648. Afternoon: Cash £631, three months £648, 47.5, 48, 48.5, 49, 50, 49. Kerb: Three months £649.5, 49.

SILVER

Silver was fixed 0.85p an ounce higher for spot delivery in the London bullion market yesterday at 522.55p. U.S. equivalents of the fixing levels were: spot $10.937, down 0.8c; three-month $11.439, down 0.8c; six-month $11.911, down 1.7c; and 12-month $12.895, down 1.8c. The metal opened at 522-529p ($10.95-11.10) and closed at 521-528p ($10.85-11.00).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	522.55p	+0.85	524.5p	+3
3 months	538.05p	−1.55	539.5p	+2.75
6 months	555.05p	+0.45	—	......
12 months	592.90p	+0.80	—	......

LME—Turnover: 113 (146) lots of 10,000 ozs. Morning: Cash 525, 25.5; three months 538.5, 39, 40. Kerbs: Untraded. Afternoon: Three months 540, 39. Kerbs: Three months 540.

COCOA

Futures were initially steady throughout the morning in quiet conditions but producer sales coupled with aggressive commission house selling weakened prices. Actuals business reflected particular interest for nearby resale cocoa, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or −	Business Done
May	879-881	−8.0	893-880
July	896-897	−5.5	909-896
Sept	918-919	−5.0	930-916
Dec	947-949	−5.0	955-945
March	970-971	+0.5	976-967
May	990-991	+0.5	994-986
July	1007-1010	+1.0	1007-05

Sales: 3,242 (1,588) lots of 10 tonnes. ICCO—Daily price for May 18: 87.08 (87.62); five-day average 87.72 (88.38).

COFFEE

A technical reversal saw Robustas posting gains of £10-£12 during a fairly active opening call, reports Drexel Burnham Lambert. The early advance attracted trade resistance and encouraged dealer profit-taking following the recent decline before a steady New York market influenced commission house buying and a further attempt at the day's highs.

COFFEE	Yesterday's Close	+ or −	Business Done
May	1005-06	+9.0	1014-02
July	1009-10	+4.5	1020-05
Sept	1013-15	+5.5	1022-10
Nov	1008-09	+5.0	1021-07
Jan	990-99	+4.5	1010-03
March	985-85	+5.0	1007-05
May	980-95	+8.0	1003-92

Sales: 4,448 (8,478) lots of 5 tonnes. ICO Indicator prices for May 18: (U.S. cents per pound): Comp. Daily ICA 1979 114.04 (116.09); 20-day average 120.05 (120.36).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 70 tonnes, bringing the total for the week so far to 183 tonnes. Limited trading conditions persisted, with only a minor offtake in most qualities. Some support was forthcoming in African styles, with miscellaneous offerings in North and South American.

GAS OIL FUTURES

The market opened steady before rising on a weakening dollar and a lack of selling interest. In the afternoon it fell back a little on a rallying dollar to close unchanged to $2.50 higher, report Premier Man.

Month	Yesterdys close	+ or −	Business Done
	$ U.S. per tonne		
June	279.00	+0.50	280.80-77.00
July	281.00	—	282.75-80.00
August	285.50	+0.75	286.50-84.00
September	291.00	+0.75	292.00-89.50
October	297.00	+1.50	297.75-95.50
November	301.75	+1.75	302.00-00.50
December	307.50	+2.50	307.50-07.00
January	311.75	+0.75	—
February	316.50	—	—

Turnover: 1,075 (489) lots of 100 tonnes.

GRAINS

Old crop wheat opened 20 up. Aggressive short covering and lack of sellers rallied the market before sellers pushed values down. May barley saw a quiet trading day opening 25 up. New crops saw little trade with values remaining steady to close 5-10p higher on wheat and 5-15p higher on barley.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterday close	+ or −
May	115.20	+0.20	101.80	+0.10
July	117.00	+0.05	—	—
Sep	101.90	+0.10	95.60	+0.10
Nov	105.55	+0.10	99.35	+0.10
Jan	109.45	+0.10	102.85	+0.05
Mar	113.15	+0.05	106.25	+0.05

Business done—Wheat: May 116.00-15.20, July 118.00-117.00, Sept. 101.90-101.85, Nov. 105.60-105.50, Jan. 109.45-109.40, March no trades. Sales: 170 lots of 100 tonnes. Barley: May 102.30-101.80, Sept. 95.65-95.50, Nov. 99.35 one trade, Jan. no trades, March 106.25 one trade. Sales: 54 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 107.50, July 106.50, Aug. 106 transhipment East Coast. U.S. Hard Winter 13½ per cent June 106.75, July 106.25, Aug. 106.75 transhipment East Coast. Maize: French second half May 126, June 126.50 transhipment East Coast; South African Yellow June-July 90.00. Barley: English Feed fob May and June 107, Oct.-Dec. 103 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed Barley: S. East 99.50, S. West 102.50, W. Midlands 100.20, N. West 101.60. The UK Monetary Coefficient for the week beginning Monday, May 25 based on HGCA calculations, using five days exchange rate) is expected to change to 0.859.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing quietly steady. Lewis and Peat reported a fob June price for No. 1 RSS in Kuala Lumpur of 268.5 (—) cents a kg and SMR 20 238 (—).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	55.80-58.20	55.10-55.60	55.80
July	57.30-58.00	56.50-57.50	—
Jly-Sept	58.00-58.10	56.80-58.90	58.10-58.70
Oct-Dec	62.10-62.30	61.90-62.00	62.40-61.50
Jan-Mar	65.00-65.20	64.80-65.00	65.30-64.90
Apl-Jne.	67.90-68.30	67.70-68.00	—
Jly-Sept	70.70-71.00	70.40-70.60	70.40
Oct-Dec	73.50-73.80	73.20-73.50	—
Jan-Mar	76.50-76.60	76.40-76.50	75.90

Sales: 184 (123) lots of 15 tonnes 1 (14) at 5 tonnes. Physical closing prices (buyers) were: Spot 54.50p (53.75p); June 58.50p (58.25p); July 59.00p (58.75p).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 492.0, 493.0, 494.0-492.1; July 499.5, 501.0, 503.0-499.0; Oct. 496.0, 497.5, 497.0-493.5; Dec. 502.0, 503.0, 503.5-500.0; March 508.0, 508.5, 510.0-508.0; May 514.0, 515.0, 517.0-515.0; July 518.5, 519.5, 520.0-519.9; Oct. 518.0, 520.0, 520.0-519.5. Sales: 386.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 354, 362, nil; Aug. 368, 376, 370; Oct. 372, 375, 373; Dec. 376, 378, 377; Jan. 377, 380, 379-378; March 382, 386, 383; May 391, 396, 392; Aug. 400, 404, 401; Oct. 402, 406, 403. Sales: 27.

SOYABEAN MEAL

The market opened slightly higher on Commission House buying, reports T. G. Roddick. Prices failed to hold and the market closed unchanged on the day.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
June	128.50-28.2	−0.35	129.50-28.50
August	130.50-30.4	−0.05	131.00-30.20
October	132.40-32.5	−0.30	133.10-32.50
December	134.00-34.2	+0.10	135.00
February	135.80-35.8	−0.20	136.50-36.00
April	135.50-38.8	—	—
June	136.50-38.5	+0.50	—

Sales: 100 (109) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £177.00 (£176.00) a tonne cif May-June-July shipments. White sugar daily price £196.00 (£200.00).

The market opened around overnight levels but soon moved ahead as buying interest predominated in thin trading conditions. Later the gains were lost following lower New York quotations on currency considerations, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	180.25-80.40	177.00-77.25	182.75-78.75
Oct.	181.50-81.75	179.10-79.25	184.50-78.75
Jan.	182.00-83.00	180.50-80.75	186.00-84.00
March	185.50-85.80	183.40-83.50	188.55-83.00
May	187.80-87.25	184.75-85.00	190.00-85.00
Aug	188.50-89.00	186.00-87.00	—
Oct.	190.00-91.00	187.00-88.50	192.00

Sales: 5,883 (5,563) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £268 (£265.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for May 18: Daily price 14.92 (14.53); 15-day average 14.77 (14.88).

POTATOES

LONDON POTATO FUTURES—The market opened easier, but one leading buyer found sellers reserved, and all values rose to close at the highs, reports Coley and Harper. Closing prices: Nov. 59.60, +0.6, (high 59.60, low 58.60); Feb. 67.70, +0.5, (high 67.70, low 67.00); April 74.70, +0.6, (high 74.70, low 73.90). Turnover: 76 (48) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 76.9 to 80.3. Veal: English Fats 86.0 to 100.0; Dutch Hinds and Ends 128.0 to 134.0. Lamb: English Small 84.0 to 90.0, Medium 80.0 to 87.0, Heavy 70.0 to 86.0; Imported Frozen, New Zealand PL 71.0 to 72.0. Pork: English, under 100 lbs. 48.0 to 52.0, 100-120 lbs 47.5 to 51.0, 120-160 lbs 44.0 to 50.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on May 19. GB—Cattle 93.60p per kg lw (+0.05). UK—Sheep 186.69p per kg est dcw (+0.62). GB—Pigs 73.78p per kg lw (−1.47).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.50, 56 4.30, 72 3.90, 88 3.70, 112 3.00; Californian; 88/138 4.50-4.80; Jaffa: Valencia Lates 56/189 4.30-5.00; Cyprus: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 58/113 3.30-5.00. Lemons—Spanish: Trays 25/50 2.00-2.20; Boxes 60/100 5.20; Californian: 115/140 5.80-6.20; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00-5.40; Jaffa: cartons 80/90 4.80-5.20. Grapefruit—Outspan: 40 3.80, 48 4.50, 64 4.70, 72 4.50; Cyprus: 20-kg 40/64 3.80-4.80; Jaffa: 20-kg 36/75 3.85-4.75. Topaz—Jaffa: 22-lb 40/80 2.80-3.00. Apples—S. African: Granny Smith 7.00-7.40, Golden Delicious 7.50-7.80, Starking 7.00-7.50; Chilean: Granny Smith 6.80-7.20; Canadian: McIntosh Reds 3.20; U.S.: Red Delicious 8.50-10.00; French: Golden Delicious 40-lb 125/175 4.00-4.80; 20-lb 72 2.40, 84 2.00; Italian: 40-lb Romes 60/70 4.40-4.80; New Zealand: Cox's Orange Pippins 10.20-10.40, Golden Delicious 6.80; Tasmanian: Jonathans 6.40, Golden Delicious 5.80. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passacrassane 0.12-0.14; S. African: Packhams 6.00-6.80, Beurre Bosc 5.20; Victorian: Packhams 40-lb 8.00-9.50; Tasmanian: Packhams 40-lb 6.80-7.20; New Zealand: Packhams 7.00-7.50. Apricots—Spanish: 11-lb 4.00-4.50. Cherries—U.S.: 18-lb, per pound 1.00-1.20; French: 11-lb, per pound 0.55-0.70. Grapes—S. African: 9-lb Barlinka 5.40; Chilean: Almeria 11-lb 7.80-8.00. Melons—Israeli: Carmel Yellow 6/10 4.00-5.00; Chilean: 15-lb 6/12 8.00; Puerto Rican: White 8/9 8.00. Water-Melons—Spanish: 4.50-6.00. Strawberries—U.S.: 12oz 1.20; Italian: 8oz 0.27½-0.30; Spanish: 8oz 0.25-0.27½. Peaches—Spanish: 54/59 4.00; Israeli: Carmel 27 2.70. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: Shelford 50/9 2.80-3.20.

English Produce: Potatoes—Per bag 2.50-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15, Laxtons 0.08-0.12, Cox's 0.14-0.22. Cauliflowers—Per 12, Kent 2.80-3.50, Lincoln 2.00-2.50. Cabbages—Per bag 3.20, Spring 22-lb 2.00-2.20. Beetroots—Per bag 1.80-2.00. Lettuce—Per 12, round 1.20-1.40, Cos 10/12 1.50. Tomatoes—Per 12-lb D 4.50, E 4.20. Leeks—Per 10-lb 1.80-2.00. Rhubarb—Per pound, outdoor 0.04-0.06. Carrots—Per 28-lb 3.00-3.60. Radishes—Per pack of 12 x 8oz 1.20, bunches of 15 1.20. Onions—Per 55-lb 40/60 7.00, 60/80 7.50; Spring trays x 20 bunches 1.50. Celery—Per 15/24 5.50-6.00. Cucumbers—Per 10/20 1.60-2.00.

PRICE CHANGES

	May 19 1981	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1295/1525	......	$1580/410
Copper			
Cash w'bar	£840.5	+2.25	£844.5
3 mths	£864.25	+2	£865.75
Cash Cathode	£834.75	+4.25	£839
3 mths	£853.75	+3.5	£854.5
Gold troy oz	$479	−2.5	$484.5
Lead Cash	£342	+4.5	£344.25
3 mths	£351.75	+4.5	£360.5
Nickel	£3,504.50		£3,579.50
Freemkt	290/305c	......	290/305c
Platin'mtr'y oz	£230.0	—	£215.5
Freemkt	£223.15	+1.7	£220.65
Quicksilver†	$420/430	......	$415/420
Silver troy oz	522.55p	+0.85	515.65p
3 mths	538.05p	+1.35	531.25p
Tin Cash	£6,092.5	−17.5	£6,025
3 mths	£6212.5	−10	£6,099
Tungsten22.04lb	$143.75	−3.58	$147.54
Wolfrm 22.04 lb	$143/146	+1	$144/47.5
Zinc Cash	£402.5	−7.5	£391.5
3 mths	£411.5	−8.25	£402.5
Producers	$925	......	$875
Oils			
Coconut (Phil)	$565u	+7.5	$562
Groundnut	‡	......	‡
Linseed Crude	£485	......	£405
Palm Malayan	$570z	......	$575
Seeds			
Copra Philip	$385y	−5	$380
Soyabean(U.S.)	$313x	......	$326
Grains			
Barley Fut.Sep	£95.60	+0.01	‡
Maize	£126	+1	£125.5
WheatFut.Sept	£101.90	+0.1	‡
No2 HardWint	£106.75z	+0.25	£108.5
Other commodities			
Cocoa ship't	£997	−6	£1,091
Future July	£896.5	−5.5	£985.5
CoffeeF t' July	£1009	+4.5	£1,057.5
Cotton A.Index	87.80c	+0.5	87.80c
Gas oil July	$281.0	......	$286.75
Rubber (kilo)	54.50p	+0.75	53p
Sugar (Raw)	£177wy	+1	£185
Woolt'ps 64s kl.	357p kilo	......	325p kilo

‡ Unquoted. u May-June. v June-July. x June. y July. z Aug. † Per 45-lb flask.

AMERICAN MARKETS

NEW YORK, May 19.

Precious metals traded mostly lower on foreign currencies. Heating oil was stronger on refiners scheduled cutbacks. Cocoa retreated moderately on lack of commercial interest and a strong dollar. Improving new-crop prospects put cotton futures under pressure. The livestock complex rallied sharply on seasonally light marketings. The grain and soya markets finished lower on reports of good new-crop progress, reported by Heinold.

Copper—May 79.80 (80.70). June 80.40 (81.45). July 81.50-71.70. Sept. 84.10-84.35, Dec. 87.80-88.00, Jan. 89.00, March 91.35, May 93.60, July 95.85, Sept. 98.10, Dec. 101.40, Jan. 1/2.50, March 104.70.

*Gold—May 476.3 (482.3). June 477.5-480.0 (485.0). July 485.5, Aug. 492.0-494.0, Oct. 507.0-508.0, Dec. 518.0-520.0, Feb. 534.3, April 548.3, June 562.0-563.0, Aug. 576.3, Oct. 590.3, Dec. 606.0, Feb. 618.8.

*Platinum — May 454.8 (465.5). June 460.3 (471.0). July 463.0-467.0, Oct. 484.8, Jan. 505.4, April 526.0.

Potatoes (round whites)—Nov. 73.7-74.0 (74.6), Feb. 80.0-81.5 (80.4). March 85.0, April 96.3. Sales: 441.

¶Silver—May 1096.0 (1102.0). June 1102.0 (1110.0). July 1117.0-1119.0, Sept. 1152.0, Dec. 1201.5, Jan. 1217.8, March 1250.3, May 1282.8, July 1315.3, Sept. 1347.8, Dec. 1397.0, Jan. 1413.2, March 1446.7. Handy and Harman bullion spot 1092.00 (1080.00).

Sugar—No. 11: July 14.50-14.55 (15.18). Sept. 14.90-14.95 (15.55). Oct. 15.11-15.15, Jan. 15.33-15.42, March 15.75-15.80, May 15.95-16.00, July 16.30, Sept. 16.45-16.50, Oct. 16.55-16.60. Sales: 7,940.

Tin—592.00-603.00 (599.00-604.00).

CHICAGO, May 19.

Lard—Chicago loose 19.50 (19.25). New York prime steam 26.75 traded (27.00).

Live Cattle—June 67.60-67.70 (66.65), Aug. 65.27-65.20 (64.62). Oct. 64.30-64.40, Dec. 65.80-65.75, Feb. 66.90-6710, April 68.40, June 69.60.

Live Hogs—June 50.50-50.40 (49.40), July 52.65-52.65 (51.15), Aug. 53.10, Oct. 52.35-52.50, Dec. 54.45-54.35, Feb. 56.75, April 55.50, June 57.85, July 57.90.

‡‡Maize—May 340¾-341¾ (344½), July 353¾-354 (356), Sept. 363¾-362¾, Dec. 368½-368½, March 381¼-381¾, May 389.

Pork Bellies—May 46.45 (44.45), July 47.65-47.65 (45.65), Aug. 47.62-47.62, Feb. 65.37, March 65.60, May 67.00, July 68.25, Aug. 68.05.

†Soyabeans—May 741 (756), July 765-766 (767¼), Aug. 769½-769, Sept. 772½, Nov. 780-779, Jan. 797, March 818-819, May 832.

‖Soyabean Meal—May 213.5-214.0 (220.2), July 219.3-219.5 (220.9), Aug. 220.8-220.5, Sept. 222.0, Oct. 223.0, Dec. 226.8-227.0, Jan. 228.5-229.0, March 234.0-235.0, May 236.0-238.0.

Soyabean Oil — May 22.83-22.87 (23.07), July 23.83-23.84 (23.65), Aug. 24.25-24.30, Sept. 24.55-24.65, Oct. 24.90-24.95, Dec. 25.55, Jan. 25.75, March 26.35, May 26.80-26.90, July 27.20-27.30.

†Wheat—May 398 (404½), July 414¼-413½ (419), Sept. 430½, Dec. 457-456, March 479½-479, May 489.

WINNIPEG, May 19.

§Barley—May 150.10 (150.10), July 150.70 (150.60), Oct. 149.20, Dec. 149.60, March 150.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 259.89 (—).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, May 18.

††Cocoa—May 1736 (1719), July 1791 (1774), Sept. 1860, Dec. 1935, March 1995, May 2035, July 2075, Sept. 2115. Sales: 1,136.

Coffee—"C" Contract: May 115.60-115.75 (117.48). July 116.60-116.95 (119.51), Sept. 117.00-117.25, Dec. 116.80-117.00, March 116.70-116.90, May 117.50, July 113.00-116.00, Sept. 114.50. Sales: 3,274.

Cotton—No. 2: July 83.65-83.80 (83.15). Aug. 83.30 (83.40), Oct. 80.85-81.10, Dec. 79.00-79.10, March 80.50-80.80, May 82.05-82.40, July 83.25-83.80, Oct. 83.10-83.60. Sales: 5,800.

Heating Oil (cents per U.S. gallon)—June 0.9275 (0.9246). July 0.9293 (0.9253). Aug. 0.9393, Sept. 0.9529, Oct. 0.9725, Nov. 0.9880, Dec. 1.0110, Jan. 1.0250, Feb. 1.0410, March 1.0575, April 1.0725, May 1.0775, June Nil, July 1.0675, Aug. 1.0800. Sales: 2,548.

Orange Juice—July 142.00-142.30 (142.15), Sept. 145.10-145.25 (145.15), Nov. 146.30, Jan. 147.20, March 147.80-148.00, May 148.50-148.75, July 149.20-149.50, Sept. 149.70-150.00. Sales: 900.

CHICAGO, May 18.

Chicago Imm Gold—June 484.0-485.0 (479.0), July 491.3 (486.1), Sept. 505.5-504.5, Oct. 511.7, Dec. 525.0-524.51, Jan. 532.3, March 549.0, April 552.9.

EUROPEAN MARKETS

ROTTERDAM, May 19.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent June 205, July 207, Aug. 209, Sept. 214. U.S. No Two Red Winter May/June 168, June 168, July 170. U.S. No Two Northern Spring 14 per cent May/June 206.50, July/Aug. 207, Sept. 209, Oct. 214, Nov. 217.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat May 159.50, June 160, July 162, Aug. 165, Sept. 166, Oct./Dec. 170.50, Jan./Mar. 179.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 307, June 306, July/Aug. 307, Sept. 308, Oct./Nov. 310, Dec. 314.50, Jan. 319.50, Feb. 325, Mar. 328 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 260 traded. May 263, June 265.50, July 268, Aug. 271, July/Sept 271.50, Nov./Mar. 282. Brazil Pellets afloat May 274, June 278.50, July 280, June/Sept. 282, July/Sept. 283 sellers.

PARIS, May 19.

Cocoa—(FFr per 100 kilos): May 1000/1030, July 1060 asked, Sept. 1085/1095, Dec. 1105/120, Mar. 1140/1150, May 1165/1180. Sales at call: nil.

Sugar—(FFr per tonne): July 2220-250, Aug. 2232-2233, Oct. 2169-2170, Nov. 2155-2180, Dec. 2170-2195, March 2245-2260, May 2260-2290, July 2265-23.10. Sales at call: 20.

INDICES

FINANCIAL TIMES

May 19	May 15	Month ago	Year ago
253.94	252.89	260.91	271.29

(Base: July 1, 1952=100).

MOODY'S

May 18	May 15	Month ago	Year ago
1080.3	1076.4	1113.2	1119.2

(December 31, 1931=100)

DOW JONES

Dow Jones	May 18	May 15	Month ago	Year ago
Spot	392.62	389.27	407.01	436.84
Fut'rs	399.12	395.70	418.35	442.86

(Average 1924-25-26=100).

REUTERS

May 19	May 18	M'nth ago	Year ago
1690.2	1688.2	1699.5	1718.9

(Base: September 18, 1931=100)

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £3.40-£4.00, codlings £1.70-£2.70; Large haddock £4.50-£4.80, medium £4.00-£4.70, small £2.40-£3.20; Medium plaice £4.60-£4.90, best small £2.80-£3.70; Skinned dogfish, large £7.00-£8.00, medium £2.00-£5.00; Lemon soles, large £8.50, medium £7.50; Saithe £1.40-£2.60.

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STRATEGIC METALS CONFERENCE

An International list of speakers will address a conference on the production, consumption and investment possibilities for Strategic metals in the 80s at the London Hilton Hotel on Wednesday 3rd June. Full details and tickets at £138 (including VAT) are available from: Commercial & Investment Enterprises Ltd, 2nd Floor, Plantation House, Fenchurch Street, London EC3. Tel: 01-621 0542.

Equity market unease over major fund-raising fears aggravated by institutional selling—Short tap sold

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets became uneasy yesterday in the face of sizeable institutional selling and fears of an imminent major rights issue. A consortium of brokers successfully placed some large lines of stock in **British Petroleum, Grand Metropolitan, BICC, Gestetner "A"** and **Carrington Viyella** through the market early yesterday without drawing too much attention to the business; it was rumoured that a Scottish insurance company was switching funds from equities to Gilt-edged securities.

Leading shares were attempting to rally from a lower opening, but turned distinctly dull soon after midday. Talk soon spread of further stock disposals by another institutional source and it was rumoured that the orders were not completed. Insurances came under noticeable selling pressure and Guardian Royal Exchange was singled out as a prime fund-raising candidate.

Other background influences were temporarily forgotten but the market began to settle towards the close and many leaders edged away from the lowest. The FT Industrial Ordinary share index closed just above the day's worst with a fall of 6.4 at 555.9. GEC, the heaviest priced stock in the index, was the only constituent to register a fall in double figures. Breweries picked up late following **Whitbread's** preliminary results.

Short-dated Government stocks received more attention than of late. The early business was particularly brisk and later in the session the authorities sold supplies of the £30-paid tap, **Treasury 11½ per cent 1985**, at 27 1/16. Following this, interest tended to fade but quotations held gains ranging to ¼. Treasury 3 per cent 1986, became a short yesterday, and, allowing for the accrued interest, closed marginally higher at 69 5/16. Medium and longer-dated issues continued firmly with improvements also extending to ¼.

Only 973 contracts were completed in Traded options, including 175 in **Cons. Goldfields** and 139 in **Racal**.

GRE weak

Composite Insurances took a distinct turn for the worse yesterday when nervous selling fuelled by talk of a pending rights issue from GRE prompted widespread losses. **GRE** were sold down to 306p before closing a net 12 lower at 308p, while **General Accident** lost 8 to 308p and **Sun Alliance** relinquished 11 at 793p. **Phoenix** gave up 6 to 258p and **Eagle Star** 5 to 235p. Among Lloyds Brokers, **C. E. Heath** rallied from early dullness to finish 3 better on balance at 255p following the satisfactory preliminary results. Elsewhere, **Hambro Life** staged a late rally, recovering from 350p to 360p, for a net gain of 4 on the day. **Legal and General** lost 5 to 218p and **Pearl** declined 4 to 404p.

Commercial Bank of Sydney fell 20 for a two-day reaction of 75 to 330p following the announcement that merger discussions with **Australia and New Zealand Bank** have been terminated; ANZ, however, jumped 21 more to 258p. **National Bank of Australasia**, which still has a bid for CBS on the table, shed 8 to 180p. Still concerned about the increase in personal banking tariffs, home banks drifted lower. **NatWest** lost 4 more to 376p and **Barclays** 3 to 410p.

Inclined easier for most of the session, Breweries were given a late fillip by the announcement of better-than-expected preliminary results from **Whitbread** which picked up from 165p to close a net 6 higher on the day at 174p. **Bass**, down to 231p at one stage, finished 3 better on balance at 237p.

Tunnel Holdings "B" jumped 20 to 436p on the increased bid, currently worth 452p per share, from **T. W. Ward**, 7 down at 116p. Elsewhere in Buildings, **Barratt Developments** encountered scrappy selling and shed 3 to 217p with the new nil-paid shares 4 off at 27p premium. **Howard Shuttering**, however, added 2 for a two-day gain of 7 to 42p on country buying. **Crouch Group** were quoted at 142p, ex the rights issue with the new nil-paid 9 per cent convertible loan stock at £1 premium.

Standing 10 higher awaiting details of the annual meeting, **Fisons** closed 3 cheaper on balance at 172p following the chief executive's denial of a bid approach. **ICI** drifted off on small offerings to close 6 down at 296p.

W. H. Smith better

Stores were featured by a sudden show of strength in **W. H. Smith "A"** which rose 8 to 182p on some good buying. **Currys** found support at 428p, up 6, while **Harris Queensway** put on 4 to 262p as did **House of Lerose**, to 88p. **Readicut** lost 1½ to 18½p on the dividend cut and near-£2m annual deficit. Among the quietly dull leaders, **Marks and Spencer** cheapened 2 to 139p awaiting today's preliminary results.

Overshadowed by the prospect of defence expenditure cuts, leading Electricals came under increased selling pressure. **Racal** again stood out with a fresh fall of 11 to 372p, while **GEC** reacted 10 to 653p. **Plessey** closed a few pence above the worst at 282p, down 4. **Ferranti** remained on offer and gave up 13 further to 475p. Elsewhere, late speculative support left **Lec Refrigeration** 14 higher at 190p. **Amstrad** responded to Press mention with a rise of 8 to 155p, while **Quest Automation** improved 5 more to 218p on the interim figures.

Leading Engineers trended easier in a slow day's trading, **Hawker** easing 4 to 318p and **Vickers** a similar amount to 190p, while **GKN** closed 3 cheaper at 171p. Secondary issues fared little better in the way of activity. Among the occasional bright spots, **APV** continued firmly with a rise of 7 to 297p, while revived buying left **Ash and Lacy** 10 higher at 285p. Still reflecting favourable Press mention, **Press Tools** improved 2 more to 31p.

Hopes that the company's defence document would force an increased bid from S. and W. Berisford lifted **British Sugar** to 345p before the close of 338p, up 8 on balance. Elsewhere in Foods, **Amos Hinton** rose 10 to 124p in response to the good preliminary results, while **Somportex**, in a thin market, advanced ¾ to £10. Apart from **Rowntree Mackintosh**, which improved 4 to 172p, after 176p, the leaders closed slightly easier for choice.

Hoover good

Talk that yet another sizeable rights issue is imminent unsettled the miscellaneous industrial leaders which drifted lower from the start on nervous offerings. **Reed International** lost 8 to 248p and **Glaxo** cheapened 6 to 334p, while **Beecham** shed 4 to 196p and **Rank Organisation** a similar amount to 186p. Profit-taking in the wake of the better-than-expected first-quarter results left **Unilever** 17 lower at 555p. Elsewhere, **Hoover A** advanced 13 to 163p on speculative support fuelled by talk of a bid from the U.S., while demand of a similar nature prompted a fresh rise of 10 to 180p in **Beatson Clark**. Investment buying lifted **Vinten** 15 to 250p, after 252p, and **Jacksons Bourne End** were marked up 14 to 167p on the late announcement that the group have been granted planning permission for the development of its Bourne End site. **Toye's** maintained dividend annulled news of the £0.06m loss and the shares rose 3 to 60p, while **Polymark** closed a couple of pence better at 130p, after 137p, on talk that London and Midland is the mystery suitor. **Crosby Woodfield** attracted buyers at 11, up 2½, and **Applied Computers**, 138p, and **Gripperrods**, 170p, firmed 10 apiece. **E. J. Riley** hardened 4 to 66p after comment on the interim figures but **Booker McConnell** fell 6 to 66p following the chairman's profit warning at the AGM. **Charles Hill of Bristol**, at 83p, lost 7 of the previous day's jump of 48 which followed news of a bid approach. **British Aerospace** eased 6 to 217p.

Trading statements prompted a couple of contrasting movements in the Leisure sector. **Management Agency and Music** fell 11 to 197p on the lower interim profits and the gloomy profit forecast, but **Pleasurama** firmed 5 to 290p following the half-yearly results. Elsewhere, **Horizon Travel** were quoted at 246p ex the rights issue, down 6; the new nil-paid shares opened at 52p premium and closed at 46p premium. **London Entertainments**, 45p, and **Piccadilly Theatres**, 71p, added 3 apiece on small buying.

Motor Components had a dull feature in **Bluemel Brothers** which dropped 4 to 38p, after 37p, on the half-yearly loss and dividend omission. **Plaxtons (GB)**, a penny easier at 144p awaiting the interim results, held at that level following the announcement, the maintained dividend compensating for the sharply reduced profits.

In Paper/Printings, **A. and J. Makin** advanced 32 to 145p in a thin market.

Business in Properties was sparse. **Land Securities**, down 10 on Monday on disappointment with the asset revaluation accompanying the annual results, shed 2 more to 410p, while **MEPC** gave up 3 to 231p. **Great Portland Estates** lost 4 to 242p, but **Capital and Counties**, preliminary results due May 29, improved a couple of pence to 119p. Lack of support clipped 8 from **Berkeley Hambro**, to 262p, and 4 from **Rosehaugh**, to 318p. Elsewhere, **Pennine Commercial** hardened ¼ to 11¼p, the directors' confident statement outweighing the poor results.

Oils quiet

Interest in Oils was at a low ebb. Leading issues ended the day on a slightly easier bias, **BP** closing 2 lower at 406p and **Shell** 4 off at 408p, the last-named ahead of tomorrow's quarterly figures. In contrast, **Burmah** edged up 3 to 164p, while occasional buying interest lifted **Ultramar** 8 to 473p. **Candecca** continued to make progress at 190p, up 6, while **Strata** rallied a similar amount to 90p.

Elder Smith Goldsborough Mort jumped 25 to 275p on the bid from Carlton and United Breweries. Elsewhere in Overseas Traders, **Boustead** fell 9 further to 136p, after 130p, following the liquidation of speculative positions in the absence of the rumoured bid.

Trusts presented a mixed appearance. Fresh demand lifted **Atlantic Assets** 6 more to 264p, but **Aberdeen**, a good market of late, reacted 5 to 225p. Among Financials, news of the acquisition of a Swiss-based money broker prompted renewed strength in **Mercantile House** which advanced 30 to 815p.

Shippings made a dull showing, but the increased final dividend and annual profits prompted a late improvement of 5 to 140p in **Walter Runciman**.

RTZ/Cons. Gold firm

Mining markets were highlighted by renewed strength in London-registered Financials **Rio Tinto-Zinc** and **Gold Fields**.

Both were little changed in initial dealings but began to move ahead in the afternoon on a fresh wave of investment and speculative demand. **Gold Fields**, which recently acquired a 7 per cent stake in America's Newmont Mining, rose 25 up to 540p, after a year's high of 543p, on vague rumours that the Anglo American/De Beers group might bid for the shares in Gold Fields not already owned, while **Rio Tinto-Zinc**, recently the subject of persistent bid speculation, jumped 14 to 542p, after 546p. **Charter Consolidated** rallied to close 2 firmer on balance at 246p, after 241p.

Gold Fields' South African associate **Gold Fields of South Africa** advanced £2¼ to a 1981 high of £42½ in response to persistent and sizeable demand from the Continent and London following the sharp rise in shares of the London parent company.

South African Golds managed modest gains as the bullion price held around the $480 level. The Gold Mines index moved up 3.5 to 370.1.

Platinums made further good progress with **Lydenburg** up 12 more to 172p, **Impala** 10 stronger at 410p—a two-day gain of 30—and **Rustenburg** 4 harder at 260p.

FINANCIAL TIMES STOCK INDICES

	May 19	May 18	May 15	May 14	May 13	May 12	A year ago
Government Secs.	67.33	67.23	66.86	66.53	66.42	66.39	67.42
Fixed Interest	68.78	68.78	69.14	69.05	69.13	69.19	68.04
Industrial Ord.	555.9	562.3	561.0	558.1	551.3	556.0	433.6
Gold Mines	370.1	366.6	369.5	368.0	372.2	363.9	308.9
Ord. Div. Yield	5.92	5.86	5.87	5.90	5.96	5.92	8.19
Earnings, Yld. % (full)	11.60	11.51	11.50	11.57	11.73	11.65	19.96
P/E Ratio (net) (*)	10.82	10.90	10.91	10.85	10.68	10.75	6.08
Total bargains	20,236	22,224	20,086	20,527	21,065	20,956	17,207
Equity turnover £m.	—	134.25	179.06	125.45	127.28	116.74	83.36
Equity bargains	—	16,520	19,665	15,624	15,703	14,856	11,937

10 am 557.5. 11 am 558.5. Noon 558.8. 1 pm 556.8.
2 pm 556.2. 3 pm 555.5.
Latest Index 01-246 8026.
*Nil=9.94.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	66.39 (12/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	68.75 (18/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 18	May 15
—Daily		
Gilt Edged Bargains	178.4	152.9
Equities Bargains	107.0	127.4
Value	271.3	361.9
5-day Avrge.		
Gilt Edged Bargains	164.6	167.8
Equities Bargains	106.7	105.8
Value	276.0	267.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (85)
AMERICANS (9)
BANKS (2)
BUILDINGS (4)
CHEMICALS (1)
DRAPERY & STORES (3)
ELECTRICALS (8)
ENGINEERING (10)
FOODS (4)
HOTELS (1)
INDUSTRIALS (16)
LEISURE (2)
PAPER (1)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (9)
OIL & GAS (2)
RUBBERS (1)
MINES (8)

NEW LOWS (15)
FOREIGN BONDS (2)
Chinese 4½pc 1898 Chinese 5pc 1912
AMERICANS (1)
Fluor Corp
CANADIANS (1)
Can. Pac 3pc Deb.
CHEMICALS (1)
Norsk Hydro
ENGINEERING (1)
Linread
INSURANCE (1)
Trade Indemnity
PAPER (1)
Delyn
TRUSTS (3)
F. & C. Eurotrust Sue'la Finance
Rosedimond Inc
OIL & GAS (2)
Cie. Fr. Petroles Moonie Oil
OVERSEAS TRADERS (1)
Mitchell Cotts
MINES (2)
Minefields Explrtn York Rsources

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	2	18
Corpns. Dom. and Foreign Bonds	2	9	56
Industrials	205	280	884
Financial and Prop.	77	123	294
Oils	24	20	41
Plantations	3	5	15
Mines	72	17	77
Others	68	40	79
Totals	527	496	1,464

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Mon.'s closing price pence	Day's change	Stock	No. of price changes	Mon.'s closing price pence	Day's change
Unilever	28	572	+26	Shell Trans.	14	412	+ 8
Cons. Gold	18	515	+15	Hill (C.) Brstl.	13	90	+48
Land Securities	16	412	−10	GEC	12	663	− 2
Astn (F) (Ley)	14	15	+ 2	LASMO	12	605	+ 5
Brit. Aerospace	14	223	+ 5	Marks & Spen.	12	141	+ 3
BP	14	408	+ 4	Polymark	12	128	− 5
Brit. Sugar	14	330xd	+ 3	Beecham	11	200	+ 6

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	247	− 3	Plessey	282	− 4
Brit. Sugar	338	+ 8	Racal Electronic	372	−11
Cons. Gold Fields	540	+25	Reed International	248	− 8
GEC	653	−10	RTZ	542	+14
GRE	308	−12	Tunnel "B"	436	+20
Hambro Life	360	+ 4	Unilever	555	−17

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 11	May 22	Aug. 6	Aug. 17
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21

For rate indications see end of Share Information Service

Money was given for the call of Reardon Smith A, KCA International, Birmid Qualcast, ICL, Metal Box, Fisons, BSG International, Redman Heenan, Strata Oil, Anderson Strathclyde, Shell U.S., Rothmans, Burmah Oil and First National Finance. Harris Queensway and First National Finance were dealt in for the put, while double options were arranged in Moben, Strata Oil, Burmah Oil, First National Finance, Loraine and Debenhams.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., May 19, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. May 18 Index No.	Fri. May 15 Index No.	Thurs. May 14 Index No.	Wed. May 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	344.76	−0.8	11.10	4.57	11.12	347.56	347.50	345.25	342.58	236.34
2	Building Materials (25)	310.04	+0.1	14.44	5.72	8.30	309.82	309.17	308.16	309.07	231.58
3	Contracting, Construction (28)	571.48	−0.2	15.93	4.93	7.42	572.67	574.93	572.06	570.45	351.39
4	Electricals (28)	1040.69	−1.5	8.39	2.53	14.81	1056.64	1062.48	1058.62	1045.17	621.50
5	Engineering Contractors (11)	496.08	−0.4	13.28	5.33	9.15	497.94	497.22	491.63	491.26	274.29
6	Mechanical Engineering (70)	215.88	−0.5	13.07	5.66	9.60	217.04	215.80	213.97	212.61	158.54
8	Metals and Metal Forming (13)	172.91	−0.7	9.12	7.07	14.30	174.06	173.40	171.36	168.44	161.98
9	Motors (21)	106.91	−0.8	7.23	7.16	23.39	107.77	108.31	107.08	105.53	103.72
10	Other Industrial Materials (18)	373.00	−0.7	10.76	5.35	11.14	375.48	372.04	367.60	365.61	0.00
21	CONSUMER GROUP (195)	283.81	−0.6	12.96	5.62	9.41	285.51	283.12	280.71	278.34	215.28
22	Brewers and Distillers (20)	309.96	+0.1	14.97	5.96	7.93	309.67	305.50	300.40	298.55	276.53
25	Food Manufacturing (21)	256.82	−0.6	14.99	6.30	8.05	258.43	256.68	256.02	252.49	189.46
26	Food Retailing (14)	526.30	−0.5	9.44	3.34	12.51	528.83	523.48	523.42	519.62	302.72
27	Health and Household Products (7)	309.04	−1.5	8.74	4.64	13.61	313.64	307.82	300.13	297.01	181.19
29	Leisure (22)	428.50	−0.5	11.79	5.24	10.08	430.55	426.45	423.95	423.57	295.10
32	Newspapers, Publishing (12)	516.26	+0.1	16.30	5.46	8.05	515.79	512.04	508.93	517.45	419.73
33	Packaging and Paper (13)	147.71	−1.4	18.16	7.80	6.46	149.84	148.89	148.90	147.52	127.20
34	Stores (44)	285.96	−0.8	10.04	4.48	13.22	288.14	284.43	283.98	280.16	211.24
35	Textiles (23)	158.02	−0.7	12.96	7.86	10.44	159.14	159.24	159.01	159.00	126.79
36	Tobaccos (3)	254.38	−0.5	22.73	9.75	5.05	255.67	262.91	255.16	255.53	201.16
39	Other Consumer (16)	308.76	+1.5	10.22	6.23	13.32	304.27	302.78	303.32	302.29	0.00
41	OTHER GROUPS (79)	233.81	−1.0	13.08	6.43	9.37	236.12	235.68	235.32	233.37	202.49
42	Chemicals (15)	295.40	−1.4	10.93	6.98	11.58	299.75	298.65	299.00	294.87	304.75
44	Office Equipment (6)	114.62	−1.4	16.12	7.30	7.31	116.29	116.49	117.28	115.88	107.43
45	Shipping and Transport (13)	572.63	−0.8	15.60	6.32	7.68	577.01	583.07	581.16	579.53	504.63
46	Miscellaneous (45)	299.58	−0.4	13.91	5.60	8.75	300.74	299.19	297.38	296.49	246.55
49	INDUSTRIAL GROUP (488)	297.92	−0.7	12.29	5.34	9.97	300.09	298.74	296.69	294.27	224.25
51	Oils (12)	852.52	−0.6	20.91	6.60	5.30	857.45	846.04	835.93	825.24	740.68
59	500 SHARE INDEX	342.06	−0.7	13.91	5.58	8.55	344.46	342.34	339.66	336.60	265.10
61	FINANCIAL GROUP (118)	251.43	−0.8	—	5.69	—	253.51	254.73	253.03	251.22	198.72
62	Banks (6)	250.53	−0.7	36.93	7.24	3.15	252.23	255.27	254.34	252.42	209.40
63	Discount Houses (10)	286.35	—	—	7.87	—	286.35	289.89	289.89	290.70	246.40
64	Hire Purchase (4)	268.26	−0.2	8.39	4.63	16.49	268.73	264.08	263.93	262.79	198.31
65	Insurance (Life) (10)	252.46	−0.9	—	5.93	—	254.64	253.70	247.71	246.83	178.18
66	Insurance (Composite) (9)	157.53	−2.0	—	7.80	—	160.83	162.75	162.31	159.74	125.35
67	Insurance Brokers (8)	381.45	−0.7	11.53	6.04	11.93	384.17	381.76	377.56	371.24	298.29
68	Merchant Banks (13)	157.59	+0.3	—	5.08	—	157.07	155.58	154.47	153.98	106.25
69	Property (48)	486.32	−0.6	3.53	2.81	39.13	489.16	490.78	488.55	487.36	398.68
70	Miscellaneous (10)	171.51	+0.3	18.43	6.03	6.59	171.05	171.78	170.50	169.91	129.30
71	Investment Trusts (109)	306.84	+0.1	—	5.08	—	306.58	306.06	304.67	304.10	218.54
81	Mining Finance (3)	270.39	+3.3	12.68	4.96	9.24	261.72	261.72	259.95	254.98	181.17
91	Overseas Traders (20)	488.21	−0.1	10.65	5.98	11.58	488.51	482.63	478.59	477.73	376.04
99	ALL-SHARE INDEX (750)	323.47	−0.5	—	5.56	—	325.25	323.97	321.57	318.88	249.13

FIXED INTEREST

	PRICE INDICES	Tues., May 19	Day's change %	Mon. May 18	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.88	+0.08	107.79	—	4.24
2	5-15 years	108.76	+0.16	108.59	—	4.11
3	Over 15 years	111.38	+0.15	111.21	—	4.93
4	Irredeemables	121.16	+0.34	120.75	—	6.23
5	All stocks	109.02	+0.13	108.88	—	4.40
6	Debentures & Loans	85.21	+0.04	85.18	—	4.59
7	Preference	66.02	—	66.02	—	3.15

	AVERAGE GROSS REDEMPTION YIELDS		Tues., May 19	Mon. May 18	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.97	11.99	12.35
2		15 years	12.61	12.63	12.29
3		25 years	12.73	12.75	12.29
4	Medium Coupons	5 years	13.76	13.80	14.16
5		15 years	14.28	14.30	13.97
6		25 years	13.92	13.94	13.79
7	High Coupons	5 years	13.77	13.80	14.23
8		15 years	14.49	14.51	14.32
9		25 years	14.13	14.14	14.16
10	Irredeemables†		12.10	12.14	11.26
11	Debs & Loans	5 years	14.93	14.93	14.74
12		15 years	14.95	14.96	14.62
13		25 years	14.95	14.96	14.50
14	Preference†		14.97	14.97	15.82

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£23¾	£21½	Allegheny Int. Inc.	£23¾	......	Q$1.40	—	2.8	—
‖ ‖	F.P.	—	£19⅝	£16¼	Amdahl	£19⅝	−¼	Q40c	—	1.0	—
‖ ‖	F.P.	—	300	200	✻Atlantic Res.	215	......	—	—	—	—
85	F.P.	—	140	105	✻Business Comp Syst	136	−2	u1.0	6.7	1.1	20.0
§90	F.P.	15/5	132	89	✻Consultants 10p	132	......	—	—	—	—
‡‡	F.P.	—	183	112	†† Eglinton Oil & Gas	148	−7	—	—	—	—
475	F.P.	—	500	475	Energy Res. & Services	500	......	—	—	—	—
10	F.P.	—	14	13	F'st Charlotte Ast Tst	14	+½	—	—	—	—
100	F.P.	22/5	111	102	G.T.GlobalRec.Inv Tst	104	......	—	—	—	—
‖ ‖	F.P.	—	62	53	✻Harvey & Thompson	53	−2	g2.24	1.1	6.0	20.8
¶91	F.P.	—	96	88	✻Intasun	88	......	g2.8	4.3	4.5	6.4
§84	F.P.	15/5	114	93	✻Metal Bulletin	112	......	5.0	1.7	6.3	13.2
18½	F.P.	—	22	20½	Munton Bros. 10p	21½	......	—	—	—	12.2
—	F.P.	—	57	42½	New Darien Warrants	46	......	—	—	—	—
‖ ‖	F.P.	—	5½	3½	✻Reliant Motors	5	−½	—	—	—	—
25	F.P.	—	25	20	Stone Platt Cnv Cm Pf	25	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	—	23p	16p	BPC 7.75% Non. Cum. Prf.	23p	+2
¶	F.P.	18/6	101½	100	Cambridge Water 8% Prf. 1986	101	......
[illegible]	F.P.	13/5	34p	31p	Colonial Secs. 70% Cum. 2nd Pref. 5p	31p	......
[illegible]	Nil	—	[illegible]	[illegible]	Crouch Gp. 9% Con. Uns. Ln. '93-95	[illegible]	[illegible]

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 91.5 91.6xd 14.74
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM32.11 33.75 −0.20 —

[illegible]

Hill Samuel Invest. Mgmt. Intnl.

[illegible]

Rothschild Asset Management (C.I.)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	61.5	66.3	+0.2	2.19
Abbey Capital	51.9	56.1xd	—	3.92
Abbey General	60.1	65.0	-0.3	4.72
Abbey Gilt & F.I. Tst.	104.3	109.8	+0.1	11.93
Abbey Income	39.3	42.5xd	+0.2	8.26
Abbey W'w.Bd.Tst.	94.6	100.1	-1.0	6.69
Abbey Inv. Tst. Fd.	53.5	57.8	+0.3	4.15
Equitas Prog. Tst.	85.4	92.3xd	-0.2	4.43

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.8	87.1xd	—	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	96.0	102.7	-0.6	5.45
Brit. Inds. Fund	80.8	86.5xd	-2.4	5.90
Growth & Income	55.0	58.9	-0.5	4.58
Elect. & Ind. Dev.	48.0	51.4xd	-0.3	4.86
Allied Capital	101.3	108.4	-0.5	4.06
Hambro Fund	141.7	151.6	-1.1	5.48
Hambro Acc. Fund	194.0	207.6	-1.4	3.95
Income Funds				
High Yield Fd.	72.8	77.9	+0.1	7.70
High Income	86.0	92.0	-0.6	6.96
Equity Income Fd.	49.8	53.3	-0.2	6.87
Govt. Secs.	24.4	25.0xd	—	12.40
International Funds				
International	36.9	39.5	-0.1	2.10
Japan Fund	26.5	28.4	-0.6	0.22
Pacific Fund	73.2	78.3	-1.1	0.80
Secs. Of America	81.6	87.3xd	—	1.83
Specialist Funds				
Smaller Co.'s Fd.	61.5	65.8	+0.1	3.95
2nd Smlr. Co's Fd.	75.5	80.8	+0.4	3.71
Recovery Sits.	29.6	31.7xd	—	4.45
Met. Min. & C'dty.	71.3	76.3xd	-0.3	4.81
Overseas Earnings	74.7	79.9	-0.5	4.62
Exempt Funds				
Income Exempt	56.6	59.4	—	7.15
Far East Exempt	75.9	78.9xd	-1.5	0.95
Smaller Co. Exempt	97.3	102.2	+0.4	3.91
U.S.A. Exempt	134.5	139.9	+0.4	2.22

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	45.8	49.4	—	0.51
Cres. Internat'l.	89.6	96.7	-0.7	1.60
Cres. High. Dist.	46.0	49.6xd	-0.1	9.58
Cres. Reserves	53.5	57.7	-0.4	5.09
Cres. Tokyo	37.2	40.1	-0.6	0.87

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0xd	—	8.52

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. May 15	258.0	275.1xd	—	4.86

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.9	—	6.17
Gt. Winchester O'seas	30.2	33.3	—	3.19

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.3	100.3	-0.6	4.32

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	42.2	45.4	+0.1	0.52
Amer.Spec.Sits. (z)	30.4	32.7xd	—	0.20
Gilt + Fixed Int.	24.3	25.5	-0.1	12.32
Growth + Income	35.7	38.4	-0.2	6.62
Maximum Inc. Eq. Tst.	31.0	33.4	—	8.02
Special Sits.	43.3	46.6	-0.1	1.62

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	40.0	43.0xd	—	1.67
Accum. Units	50.0	53.5xd	—	1.67
J. Finlay High Income	38.3	41.2	—	9.36
Finlay Wld. Energy	18.2	19.6	-0.1	1.06
Accum. Units	23.6	25.3	-0.2	1.06
J. Finlay Fd. In. Tst.	41.0	44.1xd	—	4.59
Accum. Units	53.1	57.1xd	—	4.59

Prices on May 13. Next dealing May 20.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	90.6	96.3	+0.4	0.82
Am. T'around	84.6	90.4	+0.4	1.55
Capital Tst.	66.4	71.0	—	4.27

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	260.3	274.1	—	3.92

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund April 30	149.45	—	6.77
Wider Fund April 30	282.20	—	4.75
Narrower Fd. April 30	77.05	—	13.22

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	178.8	192.2xd	-0.9	2.55
(Accum. Units)	231.5	248.9	-1.1	2.55
Income Fnd.	241.9	260.1	-1.6	7.41
(Accum. Units)	417.3	448.7	-4.5	7.41
Gen.	139.2	149.6	-0.6	3.58
(Accum. Units)	188.5	202.6	-0.7	3.58
Europe	20.7	22.2xd	-0.2	2.93
(Accum. Units)	24.6	26.4	-0.3	2.93
Smaller Co.'s	152.9	164.4	+1.5	2.55
American	55.2	59.3	+0.3	0.22
(Accum. Units)	55.2	59.3	+0.3	0.22
Tokyo	52.4	56.3	-1.5	0.22

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£26.48	—	+0.11	—
Property Units		£14.31	—	—
Equity Bond/Exec	£17.65	18.68	+0.08	—
Prop. Bond/Exec	£18.75	19.84	—	—
Bal. Bd./Exec/Unit	£17.81	18.85	-0.01	—
Deposit Bond	140.4	148.6	+0.2	—
Equity Accum.		320.9	+1.5	—
Property Accum.		£19.94	+0.02	—
Mngd. Accum.		247.6	+1.2	—
2nd Equity	140.2	148.4	+0.7	—
2nd Property	145.5	154.0	—	—
2nd Managed	131.8	139.5	+0.7	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	236.9	248.8	—	—
Property Series A	146.0	153.8	—	—
Managed Units	212.8	224.0	—	—
Managed Series A	124.4	131.0	—	—
Managed Series C	109.6	115.4	—	—
Money Units	151.7	159.7	—	—
Money Series A	121.1	127.5	—	—
Fixed Int. Fund	113.9	120.0	—	—
Equity Fund	122.1	128.6	—	—
Pns. Managed Cap.	185.3	195.0	—	—
Pns. Managed Acc.	216.2	227.6	—	—

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.	123.7	—	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	109.1	114.8	—	—
Accum. Pen. Units	169.2	178.1	—	—
Flex. Inv. Growth	135.4	142.5	—	—
Future Assd Growth	36.0(a)	61.0(b)	—	—
Ret. Ass'd Pen.		£35.28	—	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$192.55	195.32	—	1.44

Next dealing May 29.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$14.32	—	—

Net asset value May 11.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.22	11.24xd	—	17.76
AHR Gilt Edg.Fd.	£10.82	10.84xd	+0.01	13.25

a fully integrated banking service
DAIWA BANK
Head Office: Osaka, Japan

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
94⅝	88	Do. 'B'	90⅞	+⅛	14.09	14.28
86¼	76¼	Treasury 10½pc 1999	77¼	+⅛	13.50	13.90
100	92¼	Treas. 13pc 2000	96	.....	14.20	14.30
107¾	95⅞	Treas. 14pc '98-01	97¼xd	+⅛	14.38	14.21
93¼	85⅞	Exch. 12pc '99-02	89½	+⅛	14.01	14.15
104⅜	96½	Treas. 13¾pc 2000-03	100¼	+⅛	14.33	14.36
90	83⅝	Treasury 11½pc '01-04	85⅛	+⅛	13.82	13.95
41½	38⅛	Funding 3½pc '99-04	38¼	+⅛	9.32	11.50
99¼	88⅛	Treasury 12½pc '03-05	89½xd	+⅛	13.96	14.02
66¼	63¼	Treasury 8pc '02-06‡‡	65	+⅛	12.49	12.81
92½	85⅛	Treasury 11¾pc 03-07	88⅝	+¼	13.85	13.92
93⅜	86⅛	Do. 'A'	89¼	+¼	13.85	13.90
103⅛	95¼	Treas. 13½pc '04-08	97¼	+⅛	14.10	14.11
50⅝	46¾	Treasury 5½pc '08-12‡‡	48	+⅛	11.71	12.06
66¼	62⅜	Treasury 7¾pc '12-15‡‡	63¼	+⅛	12.63	12.75
98⅛	87⅛	Exch. 12pc '13-'17	88⅜xd	+⅛	13.46	13.48

Undated

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33¼	31¼	Consols 4pc	32⅛	+⅛	12.92	—
32¼	28⅝	War Loan 3½pc‡‡	29¼xd	+⅛	11.91	—
37⅝	34½	Conv. 3½pc '61 Aft.	35⅛	+⅛	10.09	—
25	23	Treasury 3pc 66 Aft	23¼	.....	13.11	—
21⅛	19¼	Consols 2½pc	20	.....	12.70	—
21	19¼	Treasury 2½pc	19½	.....	13.05	—

INTERNATIONAL BANK

91	87	5pc Stock '77-82	91	.....	5.49	12.93

CORPORATION LOANS

93½	90¼	Bath 11¾pc 1985	91	.....	12.36	14.00
98	95¼	Birm'ham 12½pc 1985	95¼xd	.....	13.05	13.89
102	93½	Burnley 13pc 1987	93¼xd	.....	13.75	14.39
95½	88½	Cardiff 11pc 1986	88¼	.....	12.47	14.16
100⅛	98¼	G.L.C. 12½pc '82	99⅝xd	.....	12.55	12.91
99	97	Do. 12½pc 1983	97¼	.....	12.79	13.69
95⅝	92½	Glasgow 9¼pc '80-82	94¼	.....	9.77	13.21
75½	72	Herts 6½pc 1985-87	73	.....	9.48	13.80
92½	89¼	Liverpool 9¼pc '80-84	90¼	.....	10.80	13.80
26	24¼	D. 3½pc Irred.	24½	.....	14.26	—

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64	61	Agric. Mt. 5pc '59-89	61	.....	8.44	13.37
29½	27¼	Met. Wtr. 3pc 'B'	27½	.....	11.15	13.40
114	98½	U.S.M.C. 9pc 1982	109	−1	8.61	—
97¼	92½	Do. without Warnts.	96	.....	9.81	16.60
		Financial				
101½	98¾	FFI 14pc '83	99⅞	+¼	14.12	14.39
92	88½	FFI(UK Fn)5½pcDb. '80-2	91¼	.....	6.09	13.89
83½	79½	Do. 6¼pcDb. '81-84	80	.....	7.83	13.70
93	86½	Do. 10½pc Uns.Ln. '86	91½	.....	12.00	14.30
92	79¼	Do. 11pc Uns.Ln. '88	90	.....	12.82	13.85
92	86½	Do. 11¾pc Uns.Ln. '90	90	.....	13.72	14.70
94½	88½	Do. 12½pc Un. Ln. 1992	89	.....	14.39	15.00
64½	58⅞	Do. 7¼pcADeb. '89-92	59xd	.....	12.28	14.75
62	59	Do. 7¼pcADeb. '91-94	59½	.....	12.18	14.10
72½	68	Do. 9pc 'A' '91-94	69	.....	13.04	14.30
70	65	Do. 8¾pcLn. '92-97	66	.....	13.72	14.58

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
62½	58	Antofagasta Rly.	62	.....	—	—
55	55	Do. 5pc Pref.	55	.....	—	—
98	98	Chilean Mixed	98	.....	3	13.09
28	17	Chinese 4½pc 1898	17	−1	—	—
22	15	Do. 5pc 1912	15	−1	—	—
18	10	Do. 5pc 1913	10	.....	—	—
16	10	Do. 5pc '25 Boxer	10	.....	—	—
94	88¼	Denmark 13pc 2005	89	−¼	13	15.64
36	36	Greek 7pc Ass.	36	.....	3½	19.75
34	33	Do. 6pc 28 Stb. Ass.	34	.....	3	19.05
32	30	Do 4pc Mixed Ass.	32	.....	2	16.40
52	48	Hung. '24 Ass	48	.....	2¼	15.72
67	62	Iceland 6½pc '83-88	67	.....	6½	14.40
102	92½	Do. 14½pc Ln 2016	93	.....	14½	16.02
90¼	85¼	Ireland 7½pc '81-83	89¼	+¼	7½	14.88
79¼	72½	Do. 9¾pc '91-96	72½	−¼	9¾	14.59
195	180	Japan 4pc '10 Ass	180	.....	—	—
79	67	Do. 6pc '83-88	67	.....	6	14.01
165	155	Peru Ass. 2007	165	.....	5.22	13.17
100⅛	95½	Sweden 13½pc 1986	96¼	.....	13½	14.58
$79	$77	Turin 9pc 1991	$77½	.....	—	11.61
DM90	DM90	Turin 6½pc 1984	DM90	.....	—	9.45
96	96	Uruguay 3½pc	96	.....	3½	3.86

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
27⅝	19⅝	ASA	25¾xd	−⅞	$5.00	—	9.5
27⅝	27⅝	AMF 5% Conv. '87	27⅝xd	.....	5%	—	18.1
27¼	22½	Abbott Labs.II	27⅓	+⅞	$1.44	—	2.5
30⅜	16½	Amax $1	26⅞xd	+¼	$2.40	—	4.3
21⅞	16⅝	Amer. Express $0.60	21⅞	+⅞	$2.00	—	4.4
20⅝	15½	Amer. Medical Intl. $1	18⅞	+⅛	64c	—	1.6
13½	11¼	Bank America Corpn.	12⅛	+⅛	$1.52	—	6.0

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
67	40	Hewitt (J.)	50	......	2.8	8.8	5.1	2.6
50	26	Highgate & Job 50p	43	–2	—	—	—	—
90	40	Hill (Chas.) £1	83	–7	—	—	—	—
34	16	Hirst Mal'son 20p	34	......	‡0.1	—	0.4	—
96	86	Holden (A.)	96	......	5.0	3.5	7.4	4.7
47	24	Hollis Bros.	30	......	‡1.4	—	‡	—
77	55	Holt Lloyd Int. 10p	69xd	+1	3.17	ϕ	6.6	ϕ
163	110	Hoover 'A'	163	+13	6.0	—	5.3	—
66	39	Hoskins & H 20p	66xd	......	2.0	—	4.3	—
64	48	Howard Tenens	61	–1	‡2.28	2.0	‡	11.3
420	250	Hunting Assoc.	350	–10	5.0	6.0	2.1	ϕ
160	112	Huntleigh 10p	138	–2	1.5	3.8	1.6	17.2
167	120	Hutch Whamp SHK1	165	–2	Q32c	ϕ	1.7	ϕ
15	12	Hyman (I. & J.) 5p	12½	......	0.83	ϕ	9.5	ϕ
£17⅝	£12⅞	I.C. Industries$1	£17⅜	+1¼	Q$2.20	—	6.0	—
70	32	ICL	39	–1	2.97	—	10.9	—
44	35	Ingall Inds. 10p	41	......	t2.5	1.6	8.7	11.3
241	188	Initial Services	239	......	7.5	2.3	4.5	11.8
14	9	Inter-City 20p	13½	......	‡0.6	1.8	‡	(8.3)
78	39	J. B. Holdings 10p	77	......	3.0	4.9	5.7	4.9
167	110	Jacksons Bourne	167	+14	5.0	3.3	4.3	10.1
19½	12	James (M.) Inds. 10p	19	......	‡0.75	3.9	‡	5.3
202	147	Jardine M. SHK5	188	–2	Q8.8c	ϕ	3.9	ϕ
25½	16½	Jentique	24	......	‡1.03	—	‡	—
10	6½	Johnson & Barnes	7#	......	—	—	—	—
249	152	Johnson Clnrs.	238	......	7.0	3.4	4.2	7.8
*279	186	Johnson Mthy. £1	279	......	†9.0	2.8	4.6	(8.8)
92	75	Jourdan (T.) 10p	92	......	5.25	1.8	8.2	9.6
81	60	Kalamazoo 10p	71	......	‡3.75	1.4	‡	11.6
170	138	Kelsey Inds.	165	......	8.0	4.7	6.9	4.4
132	112	Kennedy Sm. 10p	125	......	†3.5	3.4	4.0	8.9
330	255	Kershaw (A.) 5p	313	–2	21.75	0.6	9.9	(21.7)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING ADVERTISING

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS—Cont.

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc.

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RUBBERS AND SISALS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEAS

India and Bangladesh

Sri Lanka

Africa

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

International Financier
DAIWA
SECURITIES

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.5
23	14	ACM 20c	22	+2	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
212	137	Bond Corp.	178	+4	Q7½c	1.9	2.3
102	76	Bougainville I Kira	89	–1	Q26.2c	1.0	16.0
302	214	CRA 50c	234	+2	Q19c	1.7	4.4
25	17½	Canada Northwest	18	......	—	—	—
35	17	Carr Boyd 20c	17	......	—	—	—
415	80	Central Pacific	120	+5	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	30	Coltus Pacific N.L.	30	–1	—	—	—
32	22	Eagle Corp. 10c	28	......	—	—	—
40	29	Endeavour 20c	30½	+½	—	—	—
500	310	G. M. Kalgoorlie 25c	410	+5	†Q13c	ϕ	1.7
25	10	Great Eastern	14½	+½	—	—	—
275	180	Hampton Areas 10p	210	+5	t2.5	2.4	1.7
168	58	Haoma Gold N.L.	58	......	—	—	—
85	40	Intl. Mining	40	–3	—	—	—
245	140	Kitchener NL 25c	155	......	—	—	—
105	45	Leichardt Expln.	50	......	—	—	—
430	275	Meekatharra	380	......	—	—	—
70	49	Metals Ex. 50c	56	+1	§Q3c	2.9	2.7
38	20	Metramar Mins. 20cts.	33	......	—	—	—
267	190	M.I.M. Hldgs. 50c	257	+1	‡Q7.6c	1.7	‡
21	10	Minefields Expl. 25c	10	–1½	—	—	—
115	83	Mount Lyell 25c	110	......	ϕ†Q15c	1.7	7.5
20	14	Newmetal 20c	14	......	—	—	—
69	41	Nickelore N.L.	61	+2	—	—	—
204	149	North B. Hill 50c	175	–1	Q18c	3.1	5.7
84	50	Nth. Kalgurli	63	+1	—	—	—
175	94	Nth. Mining Corp.	140	–2	—	—	—
122	40	N. West Mining N.L.	40	......	—	—	—
148	106	Oakbridge 50c	134	......	tQ12c	1.1	4.9
185	138	Otmin N. L.	140	......	—	—	—
186	164	Pacific Copper	180	......	—	—	—
605	450	Pancont'l 25c	450	–5	—	—	—
70	42	Paringa M&Ex 5p	66	–2	ϕ	—	—
525	375	Peko-Wallsend 50c	495	......	ϕQ22½c	ϕ	2.5
43	27	Pelsart Res NL	34	–1	—	—	—
120	85	Seltrust A	100	......	—	—	—
157	34	Southern Pacific	50	+3	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Copper

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	40	Barymin	42	......	—	—	—
25½	14	Burma Mines 10p	25½	+½	0.75	0.9	4.2
315	180	Colby Res. Corp.	220	......	—	—	—
275	200	Cons. Murch. 10c.	275	......	tQ30c	1.8	6.2
98	75	††Hemerdon 10c.	75	......	—	—	—
180	135	Highwood Res.	165	+5	—	—	—
400	300	Northgate C$1	340	......	—	—	—
580	372	R.T.Z.	542xd	+14	16.0	3.2	4.2
£125	£93½	Do.9½%Cn.Ln.'95-2000	£116xd	......	Q9½%	—	f8.6
143	110	††SPO Minerals 10p	110	......	—	—	—
47	32	Sabina Inds. C$1.	33	......	—	—	—
44	28	††SWCM 10p	44	+1	—	—	—
550	465	Tara Expln. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	41xd	–1
Bertam	14	......
Bdg'wtr. Est. 50p	450	......
Craig & Rose £1	£11¾	......
Fife Forge	63	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£18	......
Higsons Brew	73xd	......
Holt (Jos) 25p	460	......
I.O.M. Stm. £1	157	......
Pearce (C. H.)	957	......
Peel Hldgs.	100	......
Sheff. Refrshmt	101	......
Sindall (Wm.)	175	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£92⅝	......
Nat. 9¾% 84/89	£74½	......
Fin. 13% 97/02	£79	......
Alliance Gas	82	......
Arnott	250xd	......
Carroll (P.J.)	95	......
Concrete Prods.	98	......
Heiton (Hldgs.)	28	–2
Ins. Corp.	420	......
Irish Ropes	55	......
Jacob	54	......
T.M.G.	23	......
Unidare	100	......

OPTIONS

3-month Call Rates

Stock	Rate
Industrials	
A. Brew	6½
BOC Intl.	11
B.S.R.	4½
Babcock	11
Barclays Bank	36
Beecham	15
Blue Circle	35
Boots	20
Bowaters	24
Brit. Aerospace	14
B.A.T.	25
Brown (J.)	7
Burton Ord.	12
Cadburys	7½
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	60
Glaxo	28
Grand Met.	14
G.U.S. 'A'	44
Guardian	32
G.K.N.	16
Hawker Sidd	25
House of Fraser	14
I.C.I.	20
"Imps"	7
I.C.L.	6
Ladbroke	30
Legal & Gen.	20
Lex Service	10
Lloyds Bank	28
"Lofs"	4½
London Brick	7
Lucas Inds.	18
"Mams"	20
Mrks. & Spncr	9
Midland Bank	26
N.E.I.	7
Nat. West. Bank	32
P & O Dfd.	13
Plessey	30
Racal Elect.	34
R.H.M.	5
Rank Org. Ord.	18
Reed Intnl.	20
Sears	5
Tesco	5½
Thorn EMI	30
Trust Houses	18
Tube Invest.	18
Turner & Newall	10
Unilever	50
Utd. Drapery	6½
Vickers	15
Woolworths	5
Property	
Brit. Land	8
Cap. Counties	11
Land Secs.	37
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¾
Oils	
Brit. Petroleum	36
Burmah Oil	16
Charterhall	9
KCA	22
Premier	10
Shell	34
Tricentrol	30
Ultramar	44
Mines	
Charter Cons.	21
Cons. Gold	45
Lonrho	9
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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Tarmac CONSTRUCTION Builds for Business

FINANCIAL TIMES
Wednesday May 20 1981

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Chairman of nuclear corporation steps down

By David Fishlock, Science Editor

MR. DENIS ROONEY, appointed by the Government only last year as chairman of the National Nuclear Corporation, the nuclear reactor design and construction group set up in 1974, resigned last night "on personal grounds."

Mr. Rooney, still recovering from a recent operation, said: "I regret very much that I shall not be staying on as chairman to continue the progress made to strengthen the organisation."

As the corporation's first full-time chairman, Mr. Rooney has reorganised top management, brought in new senior executives and made the first moves towards unifying a divided and demoralised concern.

Mr. Frank Gibb, a joint managing director of Taylor Woodrow, newly elected as deputy chairman of the corporation, is to take over as part-time chairman, the Department of Energy said last night. He joined the corporation's board last July.

Mr. Rooney last night said he believed that the corporation today was "in much improved shape."

His resignation coincides with news from the Hartlepool site that nuclear fuel is being loaded into the first corporation reactor to be commissioned since he took office. Hartlepool should produce its first power in August.

Mr. Rooney said the corporation had considerable ability in technology and people and he believed that they could make "an increasingly effective contribution to the nuclear power programme as it develops."

CIVIL SERVICE DISPUTE COSTS AIRLINES MONEY

Pan Am warns it may claim

BY PHILIP BASSETT, LABOUR STAFF

PAN AM, one of the largest airlines serving the UK, has warned the Government that it might seek financial recompense for money lost as a result of action by air traffic control staff in support of the Civil Service pay dispute.

The airline has sent a telex about its anxieties to Mr. John Biffen, Trade Secretary, Mr. Nigel Foulkes, chairman of the Civil Aviation Authority, the U.S. ambassador in the UK and the British Tourist Authority.

The telex was from Mr. C. W. "Pete" Runnett, vice-president of Pan Am's Atlantic division. It said that because of the series of "job actions" at London's Heathrow and Gatwick Airports and at the oceanic control centre at Prestwick, which controls many flights to the U.S., the airline was incurring "significant extraordinary expense."

Pan Am put no figures on its loss, but said it could not afford to bear "even in part" costs resulting from the dispute.

The message said: "This is to notify you that we will look to the UK Government for indemnification of this extraordinary expense already incurred." It sought assurances that "appropriate action" was being taken to prevent further disruption.

The message is not thought to be formal notification of the start of legal action to recover lost money, but a warning to indicate the strength of feeling among airline operators about the level of disruption.

John Lloyd writes: Senior officials of the Civil Service unions are to consult air traffic controllers up and down the country about extending their actions, which have so far been confined to half-day stoppages.

The Council of Civil Service unions claimed 100 per cent response to the call for a walk-out by controllers at Cardiff airport and at Prestwick's oceanic control centre. Only four controllers turned up at the Scottish control centre, also at Prestwick, and they dealt with some flights.

Michael Donne adds: Other airlines serving the UK—both British and foreign—are likely to support the Pan Am move, even if they only do so privately.

The air traffic controllers' dispute has seriously hurt them. The airlines' collective losses are put at about £1m a day in lost revenues for cancelled flights and additional charges for aircraft delayed.

British Airways alone has had to cancel more than 500 flights as a result of disruption at Heathrow. It puts its cumulative net losses at up to £4m. British Caledonian is losing up to £250,000 a day when Gatwick and other airports are shut or disrupted. Its cumulative losses are about £1m.

The airlines' argument is that whatever the politics of the dispute, its effect is severely to erode the industrial base of the country, and of their own business.

Whether Pan Am has any legal grounds for its argument is debatable. In air traffic controllers' disputes on the Continent in recent years it has not been possible for airlines to obtain financial redress from the Governments of the countries involved.

Civil Service pay, Page 10

Firemen threaten a national strike

BY PAULINE CLARK, LABOUR STAFF

FIREMEN yesterday threatened local authorities with national strike action by the end of July if they failed to restore the index-linked formula for determining firemen's wages.

The annual conference of the Fire Brigades Union, in Bridlington, unanimously backed an executive call for a campaign of one-day strikes to bring back the 1977 pay formula.

The union hopes a Labour-controlled employers' side of the Fire Service Negotiating Joint Council will honour the formula won after the 1977-78 nine-week strike. The system gave the firemen an 18.8 per cent staged pay rise in November in spite of the 6 per cent cash limit for wage increases set by the Government.

In February the Conservative-dominated employers' side withdrew support for the formula.

The union's executive fears that in spite of a recent assurance that the next Labour Government would honour the formula linking firemen's wages to the upper quartile of male manual workers' earnings, Labour-controlled local authorities may yield to Government pressure to curb public expenditure.

If the local authorities give the firemen what they want, that could set the authorities at odds with the Government's public service pay strategy.

Mr. Ken Cameron, general secretary designate of the union, said yesterday that firemen would not back down until the newly-elected employers promised in advance to apply the system in the autumn negotiations.

"We are saying you had better get your Green Goddesses prepared unless there is a clear statement soon," he said.

Firemen expected the 30-strong employers' side on the National Joint Council to produce at least a majority of two Labour seats. They were encouraged by news yesterday that the Labour-controlled Greater London Council, with three seats on the national joint council, is to press for the reinstatement of index-linking.

How far the previously strongly Conservative-dominated county council representation will change may not be known until later this week, although a considerably stronger Labour presence is certain.

Mr. Cameron called on the new Labour authorities to draw strength from the mandate given by the people who elected them to stand up to Government threats to impose financial penalties on those who defy Government policy on council spending.

The importance of the formula to firemen, he said, did not just relate to pay. Firemen were seeing an attempt to decimate the fire service through cuts in running and equipment.

Thos W. Ward raises Tunnel Holdings offer

BY ANDREW FISHER

THOS. W. WARD has increased its offer for Tunnel Holdings, the cement and chemicals company, after gaining only minimal acceptances for its first bid. Ward's new bid values Tunnel at more than £108m, compared with an initial price for its earlier bid, launched in March, of about £95m.

The building materials and engineering group already owned nearly 30 per cent of Tunnel's voting rights. Acceptances for its bid increased this holdin gby a small amount only.

Tunnel remains adamant in its opposition to the Ward bid, describing the terms as "a pitiful increase on Ward's original offer which in no way reflects the true value of Tunnel."

This cash alternative values each Ward ordinary shares plus 220p in cash for each Tunnel A or B share. However, Tunnel shareholders can elect to take cash instead.

This cash alternative values Tunnel share at 435p. It is underwritten by S. G. Warburg, Ward's merchant-bank advisers. Ward is believed to have bought up to 5 per cent of Tunnel's shares in the market yesterday.

Mr. Derek Birkin, chairman of Tunnel, said the new Ward terms were "a derisory increase." He opposed Ward's arguments on the logic of combining the two groups' cement interests, especially in the South East.

Both companies jointly own the Ribblesdale cement works in Lancashire and derive about 70 per cent of their trading profits from cement.

Tunnel shares gained 20p yesterday, to 436p, while Ward's fell by 7p, to 116p.

Tunnel will write to shareholders on the revised terms next week, giving a firm profit estimate and dividend recommendation. Mr. Peter Frost, Ward's chairman, said this bid was the final one.

U.S. embarrassed over baby food

BY BRIJ KHINDARIA IN GENEVA

CONFIDENTIAL State Department documents leaked to the Press have embarrassed the U.S. delegation to the 154-nations annual assembly of the World Health Organisation in Geneva.

The assembly today considers recommending a worldwide ban on advertising breastmilk substitutes for babies.

The outcome of the conference is of particular concern to many Third World countries as well as to 17 big companies—including names such as Nestle of Switzerland, the Anglo-Dutch Unigate-Nutricia partnership, and Snowbrand Milk products of Japan. Aggregate sales in this market are £960m a year.

The documents have been circulated in Geneva in an attempt to compromise the status of Mr. John Bryant, the acting head of the U.S. delegation to the WHO. The U.S. is opposed to the proposed ban, but the leaked papers include a letter to U.S. government officials by Dr. Bryant citing a study which would support such a ban.

The ban would be part of a comprehensive code on which the assembly is due to vote tomorrow. Its aim is to prevent any advertising which discourage mothers from breast-feeding their infants.

The study to which Dr. Bryant referred in his letter was conducted in Brazil. It concluded that bottle-fed babies are less healthy than breast-fed babies — and that excessive bottle-feeding is clearly associated with Western corporate advertising practices.

The letter has been publicised by an American group called the Infant Formula Action Coalition which strongly supports the ban. But the alleged discord between Dr. Bryant and his government's position has been denied by U.S. officials in Geneva.

In Washington, officials explained that the administration opposes the code under discussion because it is too inflexible and violates existing U.S. regulations as well as constitutional obligations to protect freedom of expression.

Lisa Wood writes: Protests against the code have also been made by UK manufacturers of baby-feeding bottles and teats, who said yesterday they had never been consulted by the WHO when it was drawing up the proposals.

Editorial comment, Page 18

Morgan Guaranty cuts stake in Morgan Grenfell

BY JOHN MAKINSON

MORGAN Guaranty Trust, one of the top five U.S. banks in terms of assets, is reducing its one third stake in Morgan Grenfell, the UK merchant bank, to just under 4 per cent.

The share sale is the main element in an extensive capital re-organisation by the UK bank. Morgan Grenfell is also planning a rights issue, its third in seven years, to raise £12.5m.

Morgan Guaranty's decision, news of which leaked out last week, follows a period in which Morgan Grenfell has been stepping up international operations, particularly in the U.S. The two banks agreed to reduce ties to avoid conflicts of interest.

Morgan is selling its shares at 255p to produce £22m. About 40 per cent of its holding is being sold directly to existing shareholders.

A further 47 per cent is being converted into 11¼ per cent preference shares. These will be supplemented by other preference shares, created out of Morgan Grenfell's reserves, and then sold to new and existing shareholders. The U.S. bank will retain the remainder of its holding.

The price obtained by Morgan Guaranty is substantially higher than the 200p at which shareholders will be able to take up the rights issue. Morgan Grenfell said yesterday that the U.S. bank was obtaining a better price because of the size of its holding.

The capial reorganisation will leave Willis Faber, the insurance brokers, with a 24 per cent holding in Morgan Grenfell. Prudential Assurance will hold about 9 per cent.

Details, Page 22

Continued from Page 1

Tokyo

on whether the U.S. is actually "introducing" nuclear weapons into Japan, in contravention of policy, during routine calls to ports.

Mr. Ito resigned at the weekend after a clash over the official Japanese communique released at the end of Mr. Suzuki's talks with President Reagan in Washington earlier this month. The communique, released by the Foreign Ministry, had referred to an "alliance" between the two countries and a row ensued between the Prime Minister and the Foreign Ministry over the military connotations.

A large outflow of capital in April has plunged Japan's balance of payments into deficit by $2.674bn, the largest payments gap for a year.

According to preliminary figures released yesterday by the Finance Ministry, a record $3.2bn net outflow was registered in the long-term capital account last month. There was a $472m inflow in March.

Continued from Page 1

Thatcher

tial cuts.

The Defence Secretary refused to be drawn by a number of Conservative backbenchers who sought assurances that conventional forces would not suffer from the imminent review. His theme echoed the Prime Minister's that a number of difficult choices would have to be made.

He also defended the decision to proceed with the Trident missile system as successor to Polaris.

Mr. Speed, unrepentant about the controversial speech on Friday which triggered the campaign to scupper Navy cuts, told the Commons that he intended to "fight right through to the bitter end."

More than 20 Conservative MPs have signed a backbench motion expressing "the gravest concern" at any cut in Britain's defences, bearing in mind the pledges given in the election manifesto.

Weather

UK TODAY

CLOUDY, misty, outbreaks of rain. Thunderstorms in England. Warm. Near normal temperatures in Scotland and West.

London, most of England, Channel
Thunder. Max. temp. 20C (68F).

S.W. England, Wales, I.o.M.
Max. temp. 16C (61F).

Scotland, Orkney, Shetland, N. Ireland
Max. temp. 14C (57F).

Outlook: Thundery rain. Sunny intervals. Near normal temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	London	R	14	57
Algiers	S	26	79	L. Ang.†		—	—
Amsdm.	F	20	68	Luxmbg.	F	21	70
Athens	S	26	79	Luxor	S	37	99
Bahrain	S	34	93	Madrid	S	25	77
Barclna.	F	21	70	Majorca	S	25	77
Beirut	S	22	72	Malaga	S	21	70
Belfast	C	13	55	Malta	S	24	75
Belgrd.	S	23	73	Mchstr.	S	15	59
Berlin	F	22	72	Melbne.	S	13	55
Biarritz	S	28	82	Mx. C.†		—	—
Bmghm.	R	13	55	Miami†	F	27	81
Blackpl.	S	14	57	Milan	S	23	73
Bordx.	S	22	72	Montrl.†	S	9	48
Boulgn.	C	16	61	Moscow	S	14	57
Bristol	C	12	54	Munich	S	22	72
Brussels	S	22	72	Naples	S	23	73
Budpst.	C	22	72	Nwcstl.	F	16	61
Corfu	S	26	79	N York†	C	12	54
Cairo	S	28	82	Nice	S	19	66
Cardiff	C	12	54	Nicosia	S	22	72
Casbca.	S	20	68	Oporto	C	19	66
Chicg.†		—	—	Oslo	R	16	61
Cologne	S	25	77	Paris	S	22	72
Cpnhgn.	S	16	61	Perth	S	22	72
Denver†	C	6	43	Prague	S	22	72
Dublin	C	13	55	Rykjvk.	C	8	46
Dbrvnk.	S	22	72	Rhodes	S	23	73
Ednbgh.	F	16	61	Rio Jo†		—	—
Faro	F	19	66	Rome	S	22	72
Florence	S	26	79	Salzbrg.	S	24	75
Frankft.	S	23	73	S'cisco†	C	12	54
Funchal	C	19	66	Singapr.	F	31	88
Geneva	S	21	70	S'dago†		—	—
Gibrltr.	S	21	70	Stckhm.	S	22	72
Glasg'w	F	13	55	Strasbg.	F	25	77
G'nsey	C	13	55	Sydney	R	13	55
Helsinki	S	22	72	Tangier	S	22	72
H. Kong	S	27	81	Tel Aviv	S	24	75
Innsbrk.	F	24	75	Tenerife	F	18	64
Invrnss.	R	13	55	Tokyo	C	16	61
I.o.Man	S	12	54	Tornto.†	F	6	43
Istanbul	S	21	70	Tunis	S	27	81
Jersey	F	18	64	Valencia	S	22	72
Jo'burg	S	17	63	Venice	S	21	70
L. Plms.	S	21	70	Vienna	F	22	72
Lisbon	F	20	68	Warsaw	F	17	63
Locarno	F	18	64	Zurich	S	22	72

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

Signs of end to decline in output

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT has levelled off after the sharp decline of the last 18 months, but there are no signs of any general upturn, and manufacturing production remains at the lowest level for 14 years.

Central Statistical Office figures published yesterday provide important though inconclusive evidence in the current intense debate about the state of the economy.

The figures do not support the more optimistic ministerial hopes that a recovery has begun but they suggest that the worst of the decline is over.

The all-industries index of industrial output stood at 98.7 (1975=100) in March, 0.4 per cent less than a month before but still 0.4 per cent higher than in January.

Taken with the continuing buoyant level of retail sales, the latest figures are consistent with the economy being at or near the bottom of the recession.

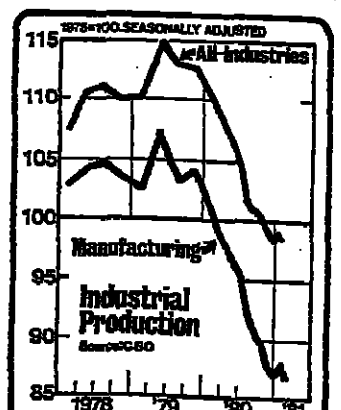
This is supported by signs of a pick-up in the output of intermediate goods industries (notably chemicals and metal manufacturing). These industries were badly affected by the rundown in stock levels last year but they normally recover ahead of any general upturn.

In particular, production of chemicals and allied industries in the first three months of this year was 1.8 per cent higher than in the third quarter of last year, its low point of the recession.

But there are large variations between sectors. In the first three months of this year, engineering production was 5.2 per cent lower than in the previous three months and was still falling in March.

Indeed, production in the investment goods industries was 6.4 per cent down in the first quarter compared with a 1.7 per cent drop for industrial output overall and a 2.1 per cent decline for manufacturing.

Any levelling of activity still leaves output very low. The all-industries index in the first quarter was 10.5 per cent below its level in the same period of 1980, which had been depressed by the steel strike. The drop would have been 12 per cent but for increased production of North Sea oil and gas.



Manufacturing production in the first quarter was 13 per cent less than its level in the strike-affected first three months of 1980.

U.S. economy grows, Page 5

THE LEX COLUMN

The Panel and the Rothmans impasse

Philip Morris has got itself into an extraordinary relationship with the Rembrandt Group as a result of its $350m investment in Rothmans International. Through a subsidiary, Rembrandt had 58 per cent of the shares in Rothmans and just under 50 per cent of the votes, and it also owned most of the convertible bonds. Morris has now taken half the shares in the Rembrandt subsidiary, and half its bonds.

However, neither Rembrandt nor Morris control the subsidiary board. Their forces are to be balanced exactly, with no casting votes. And there are no private agreements between the two for any future deals.

The mind boggles at what might happen if the two sides ever disagree on policy. The only conceivable explanation for such an artificial arrangement is that it has been designed to avoid rule 34 of the Take-over Code. If Morris had taken just one more vote, it might have been compelled to make an outright bid for the whole of Rothmans.

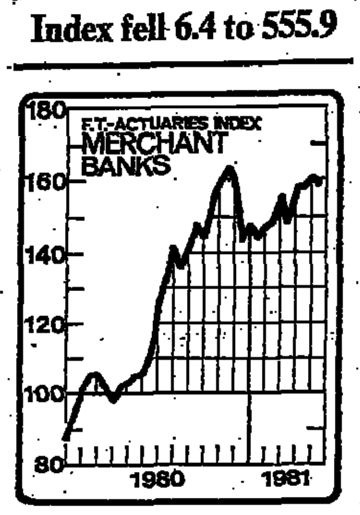
It is not clear why the two sides were so anxious to avoid a full takeover, or how long such a relationship can last. But the Takeover Panel is not going to let the matter drop. Both sides have agreed not to make any further transactions—or convert their bonds—without prior notice. If Morris steps in with a full blooded bid at some future date, the Panel says that the price paid in the present deal—up to as much as 170p per share—will have to be taken into account.

Perhaps the most remarkable feature of all is that Rothmans shareholders have been kept in the dark throughout. And now that these arrangements have been spelt out, Philip Morris shareholders may also want to be told a lot more.

Whitbread

The evidence is mounting that, in spite of the depth of the present recession, the brewers have not lost their defensive qualities. After the decline at the interim stage, Whitbread's full-year outturn has emerged well ahead of expectations, with an improvement from £61.8m to £66.4m pre-tax. This has been produced by a jump of more than a quarter in the second six months, even though the decline in volume—about 5 per cent over the year—has if anything accelerated. The shares put on

Index fell 6.4 to 555.9



6p yesterday to 174p, where the yield is 5.7 per cent.

In the second half trading margins, post-depreciation, have been boosted by a tenth. The tentative price competition of last summer seems to have subsided and Whitbread has been able to push up its prices by about 15 per cent over the year. At the same time it has reduced the number of employees by 4 per cent and switched production from the less efficient smaller and older breweries to more modern plant, particularly Magor. The cutback in employees may have boosted profits by £8m, while the accompanying redundancy costs have been taken below the line and offset against property sale profits. Meanwhile the closures have helped to pull down the sharp rate of increase in the depreciation charge.

In the current year there are more rationalisation benefits to be had, and a further tranche of profits from Chiswell Street, so the pre-tax outcome may well be in the region of £75m, regardless of a further decline in beer consumption.

Morgan Grenfell

It is just as well that Morgan Grenfell does its own merchant banking. Otherwise the fancy reorganisation and rights issue scheme it unveiled yesterday might have cost it a packet in corporate finance advisory fees.

The problem was tricky. Morgan Guaranty wanted to dispose of the bulk of its 33 per cent shareholding, and required a price which reflected at least part of the bank's inner reserves. The price of 200p which Morgan Grenfell regards as "fair" for its unlisted shares was not enough. Plainly the possibility of the Americans hawking their share block around in search of a premium did not bear thinking about.

In the end, Morgan Grenfell has managed to procure the Americans 255p a share, by using two methods. One is that a sum of £7.3m of reserves has been mobilised so that 4.7m of the Morgan Guaranty shares can be converted into 2.55 times that number of 11¼ per cent Preference shares, which have been privately placed at par among a number of institutions. The second is that another 3.96m American shares at 255p have been placed jointly with more than 2m new shares at 200p, which are not being taken up by certain existing shareholders in a simultaneously proposed rights issue. The effective cost of the shares has therefore been brought down to somewhere near 230p, at which price Morgan Grenfell has been able to place them around other existing shareholders (like the Prudential).

At the end of the day the Americans will be out (except for a 4 per cent holding) and published net worth, including Preference capital, will have risen from £58.8m to £71.4m, supporting Morgan Grenfell's growth ambitions. But there will be modest dilution of equity earnings and assets.

Ward/Tunnel

Ward's bid for Tunnel is at last coming to life. Yesterday, it increased its offer by 15 per cent, and underwrote the new terms at 435p per share cash. Just as important, it moved into the market for the first time, and may have picked up 4 or 5 per cent of the votes. As a result, it now owns over a third of the votes.

All this is a very big mouthful for Ward, which fell 7p to 116p on the news. It is proposing to increase its equity by about three-fifths, while the bid stands to dilute its earnings by 15 per cent or more, and leave it roughly 50 per cent geared.

It has still not come up with a knockout, with terms that value the whole of Tunnel at about £109m. Tunnel's profits in the year to March were well over £14m pre-tax and £10m after tax, and further growth should be in view this year. Moreover, it has shown that it has very loyal shareholders. But the defence will be in trouble if Ward can pick up more shares in the market.

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